



*Updated September 1997*

# Thrift Financial Report

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*Instruction Manual*

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# GENERAL INSTRUCTIONS

## 1. REQUESTS FOR INFORMATION OR ASSISTANCE

All requests for assistance in report preparation, questions regarding proper reporting, and like requests should be directed to your Financial Reporting Analyst at OTS Financial Reporting, Dallas, TX.

Requests for additional forms and instructions may be placed by calling OTS at 202-906-6078.

## 2. FORMS

The Thrift Financial Report (TFR) is comprised of the following schedules:

SC	Consolidated Statement of Condition: Assets, liabilities and equity capital
SO	Consolidated Statement of Operations: Income and expense
VA	Consolidated Valuation Allowances and Related Data: Reconciliation of valuation allowances, charge-offs and recoveries and other data on troubled assets.
PD	Consolidated Past Due and Nonaccrual: Information on delinquent and/or nonaccrual loans.
CC	Consolidated Commitments and Contingencies: Information on commitments and contingencies.
CF	Consolidated Cash Flow Information: Information on mortgage, deposit, and other activity affecting cash flow during the quarter.
SI	Consolidated Supplemental Information: Information on deposits, liquidity, QTL, loans to insiders, reconciliation of equity capital, mutual fund sales and other data.
SQ	Consolidated Supplemental Questions: Questions concerning structural and other activity during the quarter.
YD	Yields on Deposits: Interest rates on deposit accounts offered during the last seven days of the quarter.
SB	Consolidated Small Business Loans: Data completed annually as of June 30 to comply with Section 122 of the FDIC Improvement Act.
CSS	Subordinate Organization Schedule: Listing of information on all subordinate organizations and joint ventures completed annually at December 31.

- CCR Consolidated Capital Requirement: Balances necessary to compute the minimum capital requirement.
- CMR Consolidated Maturity and Rate: Information on interest rate and repricing/maturity characteristics of selected balance sheet and off-balance-sheet items.

### **3. FILING DATES**

All schedules, with the exception of CMR, are to be filed electronically no later than the 30<sup>th</sup> day following the end of the reporting period. Schedule CMR must be filed no later than the 45<sup>th</sup> day following the end of the reporting period.

### **4. FILING REPORTS**

Sheshunoff Information Services Inc. (SIS) provides the electronic filing software for the filing of the TFR. The software facilitates the preparation, edit, and transmission of the TFR. All questions concerning electronic filing should be directed to the OTS Financial Reporting Division in Dallas, TX.

The Office of Thrift Supervision provides an instruction manual and a sample TFR form to each savings association with quarterly updates to the instruction manual for editorial corrections, changes required by law or regulation, and changes necessary for safety and soundness purposes. Additional copies of the sample form and instruction manual may be obtained by calling 202-906-6078. Copies of the sample form can also be printed from the electronic filing software.

At least one copy of the TFR as filed should be retained by the reporting association for its reference. No copies should be sent to the Office of Thrift Supervision in Washington, D.C.

Section 7(b)(5) of the Federal Depository Institutions Act requires each insured depository institution to maintain records for verifying the correctness of the institution's insurance assessment for five years from the date of filing.

### **5. AMENDED REPORTS**

Amendments that correct the most recent TFR will be accepted up to 55 days after the report date (25 days after the due date). After the 55-day amendment period, all corrections must be included in the next-due report on the same data field that would have been used in the original report; *i.e.*, income and expense items correcting prior periods must be reported in the appropriate data field in Schedule SO and may not be reported as an adjustment to retained earnings.

Prior reports may be amended only when directed by OTS for purposes of safety and soundness and for material items affecting report integrity. Generally, audit adjustments should be made in the next TFR due after knowledge of the audit adjustments by management. Generally, examination adjustments communicated in an examination report or by other means should be made in the next filed report. For example, examination adjustments in an examination report dated November 15 and received by management on April 15 would be included in the March 31 report filed April 30.

Corrections for errors in prior period reports for valuation allowances or charge-offs should be made in the most recent quarterly report and may be submitted up to 55 days after the report date. When amending the most recent report for prior period errors for valuation allowances or charge-offs, use Provision for Loss (SO320 or SO570).

Corrections for errors in prior period reports included in the current report should be reported in the same data field they would have been reported on in the original report, unless the adjustment distorts yields or results in negative numbers in fields that do not permit negatives, in which case they should be included in Other Noninterest Income (SO490) or Other Noninterest Expense (SO580).

In the event an institution is required by OTS to submit an amended report for a previous period, the amended report should be filed electronically with the OTS Financial Reporting Division in Dallas, TX in a timely manner.

## **6. REPORTING BASIS**

The Thrift Financial Report should be prepared on a consolidated basis in accordance with generally accepted accounting principles (GAAP). Subordinate organizations that are not GAAP-consolidated subsidiaries are reported using the equity or cost methods of accounting. The term "subordinate organization" is defined in OTS regulation and means any corporate, partnership, business trust, association, joint venture, pool, syndicate, or other similar business organization in which a savings association has a direct or indirect ownership interest, unless that ownership interest qualifies as a pass-through investment pursuant to OTS Regulation 560.32 and is so designated by the reporting savings association. GAAP-consolidated subsidiaries as defined in OTS Regulation 559.2 means an entity in which a savings association has a direct or indirect ownership interest and whose assets are consolidated with those of the savings association for purposes of reporting under GAAP.

GAAP should be applied unless specifically stated otherwise in these instructions. Accordingly, the instructions for each data field reflect, to the extent possible, GAAP applicable to savings associations. Note, however, that financial statements of savings associations prepared in accordance with GAAP have flexible presentation formats and require significantly less detail on a less frequent basis than the TFR. The TFR collects additional detail because its purpose is to provide consistent and uniform information on all OTS-regulated savings associations to facilitate supervision by the OTS and to collect uniform information on industry activities. Certain GAAP reporting and presentation concepts may not be consistent with the conventions and frequency of the TFR. In these cases, the instructions for the TFR override GAAP presentation practices.

The amounts reported on the TFR must be readily reconcilable to the reporting association's books and records.

## **7. EXEMPTION FROM FILING SCHEDULE CMR**

Savings associations with assets of less than \$300 million and risk-based capital ratios in excess of 12% are exempt from filing Schedule CMR. Additionally, all associations newly regulated by the OTS are exempt from filing Schedule CMR for the first two quarters under OTS regulation.

Associations lose their exemption from filing Schedule CMR if they do not meet the above exemption criteria for two consecutive quarters. An association must file Schedule CMR beginning the quarter after the second consecutive quarter in which it does not meet the criteria. For example, if an institution fails the criteria in March and June, it must file Schedule CMR for the September quarter and each quarter thereafter.

Associations may also lose their exemption when directed to file Schedule CMR by the Regional Director.



Filing must continue unless the association is notified that the Regional Director has reinstated the association's exempt status.

## 8. REPORT PREPARATION

- a. All dollar amounts should be rounded to the nearest thousand. If any balance sheet data field or other balance as of the end of the reporting period is less than \$500, a "1" should be placed in the data field to indicate that the data field is not zero; this does not apply to data fields representing income and expense and other activity. Where necessary for balancing purposes, make adjustments to the appropriate "other" category.
- b. Certain data fields which are indicated in the instructions and forms as being deducted should not be input as negative; these data fields will be subtracted by the electronic transmission software and the OTS computer. These data fields should be indicated as negative only when the instructions indicate that the netting of certain amounts within these data fields might result in an amount that should be added rather than deducted. These data fields are identified by being set in italics on the form and are identified in the instructions for the appropriate data fields.
- c. All data should be checked and totals proved before and after entering. Items that should agree with other items should be cross-checked. All edit failures indicated in the electronic filing software should be thoroughly verified and corrected where necessary prior to submission.  
**Explanations for edit exceptions should be indicated in the "User Note" function of the software.**
- d. The final report should be reviewed by persons knowledgeable of the overall financial condition and operations of the association. The Officers' and Directors' Certification at the front of the paper copy of the TFR must be signed by an officer and three directors of the association for each report submitted, including amendments. This certification form must be retained in the file of the reporting savings association and be available for inspection by OTS.
- e. Indicate the name and telephone number of the person who is to be contacted if questions arise concerning the report. The contact should be someone who is familiar with the report contents. When the report is prepared by someone other than the reporting association's personnel, the contact should be someone who can either answer any questions or can quickly obtain such answers from the firm's employees.

## SCHEDULE SC — CONSOLIDATED STATEMENT OF CONDITION

The Consolidated Statement of Condition (Schedule SC) is completed on a consolidated basis. Generally accepted accounting principles (GAAP) should be applied unless specifically stated otherwise in these instructions. In general all assets are reported net of specific valuation allowances (SVAs), charge-offs, unamortized yield adjustments, unearned income, and loans-in-process (LIP).

### ASSETS

#### CASH, DEPOSITS AND INVESTMENT SECURITIES:

In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," securities reported on SC130, SC140, SC150, SC180, and SC185 are classified into three categories:

1. **Held-to-maturity securities measured at amortized cost:** this classification is used for debt securities only if there is a positive intent and ability to hold these securities to maturity;
2. **Trading securities:** securities that are bought and held for the purpose of sale in the near term shall be reported at fair value, with unrealized gains or losses reported in earnings on SO485; and
3. **Available-for-sale securities:** securities not classified as trading or as held-to-maturity shall be classified as available-for-sale, and shall be reported at fair value, with the unrealized gains and losses excluded from earnings and reported, net of taxes, as a separate component of equity capital on SC860

Do not include securities pledged on a margin account for futures and options contracts; report these on SC690 (Other Assets).

#### SC10: Total

Report the sum of SC110 through SC190 less SC199.

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## SC110: Cash and Noninterest-Earning Deposits

Report the total amount of cash, cash items, and noninterest-earning deposits.

**Include:**

1. Noninterest-earning deposits in a bank or savings association under the control of a supervisory authority;
2. Noninterest-earning deposits under an As-Agent program;
3. Cash items in the process of collection, such as redeemed U.S. Savings Bonds; and
4. Checks or drafts in process of collection that are drawn on another depository institution, Federal Reserve Bank, FHLBank, or the U.S. Government.

**Do not include:**

1. Accounts with credit balances that do not have the right of offset; report on SC760 (Other Borrowings); and
2. Checks drawn against zero-balance accounts or accounts not routinely maintained with sufficient balances to cover checks drawn in the normal course of business; report on SC710 (Deposits).

## SC130: U.S. Government and Agency Securities

Report nonmortgage debt instruments issued by the U.S. government and its agencies.

**Include:**

1. IO and PO strips of U.S. government and agency securities;
2. U.S. Treasury bills, certificates, notes, and bonds;
3. Nonmortgage debt issued by FHLBanks, FNMA, FHLMC, and GNMA;
4. Federal agency debt securities, such as: SBA nonmortgage pools, TVA, Federal Farm Credit Bank, Federal Land Bank, Federal Intermediate Credit Bank, SLMA, and the Export-Import Bank;
5. FICO bonds; and
6. FSLIC Resolution Fund notes not related to capital securities issued by the reporting association.

**Do not include:**

1. Investments in mutual funds that invest in U.S. government and agency securities; report on SC140 (Equity Securities);
  2. Stock of FHLBanks; report on SC690 (Other Assets);
  3. Equity securities issued by agencies of the U.S. government (e.g., FHLMC preferred stock);
  4. Securities issued by state and local governments; report on SC180;
  5. Securities pledged as collateral on margin accounts for futures and options; report on SC690 (Other Assets);
  6. Securities purchased under a repurchase or dollar-repurchase agreement; report on SC185; and
  7. Mortgage-backed instruments and derivatives issued or guaranteed by FNMA, FHLMC, or GNMA; report on SC150.
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## SC140: Equity Securities Except FHLB Stock

(This line will be renamed "Equity Securities Subject to SFAS No. 115" on the 1998 TFR.)

Report all investments in equity securities that have readily determinable fair values and that are accounted for pursuant to SFAS No. 115.

Include:

1. Common and preferred stock, including Freddie Mac and Fannie Mae stock;
2. Shares of all mutual funds, including those restricting their investments to debt instruments (e.g., U. S. Government and agency securities).

Do not include:

1. FHLBank stock; report on SC690 (Other Assets);
2. Other equity investments not subject to SFAS No. 115, including ownership interests in unconsolidated subordinate organizations and entities designated as pass-through investments (even though they are not subordinate organizations); report on SC50 (Investment in Unconsolidated Subordinate Organizations (The line caption for SC50 will be changed in 1998 to "Equity Investments Not Subject to SFAS No. 115.)); and
3. The reporting association's own treasury stock; report on SC890 (Other Components of Equity Capital).

## SC150: Mortgage Derivative Securities

Report the outstanding balance of mortgage derivatives as determined in accordance with GAAP.

Include:

1. Mortgage derivatives issued by REMICs;
2. PO and IO strips of mortgage-backed securities, including those issued or guaranteed by FNMA, FHLMC, and GNMA;
3. CMOs (collateralized mortgage obligations) including those collateralized by FNMA, FHLMC, and GNMA pass-through securities; and
4. Residuals of CMOs.

Do not include:

1. PO and IO strips of U.S. Government and agency nonmortgage debt instruments; report on SC130;
2. Mortgage-backed bonds; report on SC185; and
3. Mortgage pool securities; report on SC210 and SC215.

## SC162: Interest-Earning Deposits in FHLBs

Report all interest-earning checking accounts and time deposits (certificates of deposit) held with Federal Home Loan Banks.

**Do not include:**

Accounts with credit balances that do not have the right of offset; report on SC760 (Other Borrowings), except for credit balances in “zero-balance” accounts, which are reported on SC710 (Deposits).

**SC166: Other Interest-Earning Deposits**

Report all interest-earning checking accounts and time certificates held with banks and other depository institutions.

**Do not include:**

Accounts with credit balances that do not have the right of offset; report on SC760 (Other Borrowings), except for credit balances in “zero-balance” accounts, which are reported on SC710 (Deposits).

**SC170: Federal Funds Sold**

Report the outstanding investment in Federal Funds.

**SC180: State and Municipal Obligations**

Report debt securities issued by state and local governments.

**SC185: Other Investment Securities**

Report investment securities not reported on SC110 through SC180.

**Include:**

1. Securities purchased under a repurchase or dollar-repurchase, fixed coupon agreement (see SC730 for reporting requirements);
2. Investments in commercial paper and corporate debt securities, including junk bonds;
3. Promissory notes;
4. Notes received from unconsolidated subordinate organizations, a pass-through investment vehicle as described in OTS Regulation 560.32, or affiliates secured by below-investment-grade debt instruments including the security of mutual funds investing in below-investment-grade debt instruments;
5. Mortgage-backed bonds and notes; and
6. Securities collateralized by nonmortgage loans.

**SC190: Accrued Interest Receivable**

Report the accrued interest and dividends receivable on investment securities reported on SC110 through SC185 if collection was probable at the time of accrual. Investment securities on which collection of interest is not probable must be placed in a nonaccrual status.

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## SC199: General Valuation Allowances

Report all general valuation allowances established on investment securities reported on SC110 through SC190.

All valuation allowances must be included in the reconciliation of valuation allowances in Schedule VA.

**Do not include the following items which directly adjust the asset balance:**

1. Adjustments in the fair value of investment securities classified as trading assets;
2. Specific valuation allowances; and
3. Discounts and premiums on securities purchased at other than face value.

## MORTGAGE POOL SECURITIES

In order to be categorized as a mortgage pool security **all** of the following criteria must be met:

1. The underlying collateral qualifies as a mortgage;
2. The security provides each investor with a proportional ownership interest in the underlying collateral; and
3. Payments received by the issuer are passed through to the investor proportionate to ownership interest and with the same timing with which they are received.

A security that meets item 1 but not 2 and/or 3 is reported on SC150 (Mortgage Derivative Securities), unless it is a mortgage-backed bond in which case it is reported on SC185 (Other Investment Securities). A security collateralized by loans that meets items 2 and 3 but does not meet item 1 is reported on SC185 (Other Investment Securities). A debt security that does not meet any of the above or meets only item 2 or item 3, but not both, is reported on SC185 (Other Investment Securities), except for those government securities reported on SC130 and SC180.

If the subordinate piece of a senior/subordinated security (1) exists solely for the purpose of credit enhancements and not for redirecting cash flows, (2) is no larger than necessary to provide the credit enhancement, and (3) meets the criteria of mortgage pool securities, above, then the senior piece is essentially a pass-through security and should be reported with mortgage pool securities.

In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," mortgage pool securities reported on SC210 and SC215 fall into three categories:

1. **Held-to-maturity securities measured at amortized cost:** this classification is used for debt securities only if there is a positive intent and ability to hold these securities to maturity;
2. **Trading securities:** securities that are bought and held for the purpose of sale in the near term shall be reported at fair value, with unrealized gains or losses reported in earnings on SO485 [Note: Mortgage-backed securities that are held for sale in conjunction with mortgage banking activities are included as trading securities.] and
3. **Available-for-sale securities:** securities not classified as trading or as held-to-maturity shall be classified as available-for-sale, and shall be reported at fair value, with the unrealized gains and losses excluded from earnings and reported, net of taxes, as a separate component of equity capital on SC860.

**The balances in this section are adjusted for:**

1. Discounts and premiums on the purchase of mortgage pool securities; and
2. Specific Valuation allowances.

**The balances in this section are not adjusted for:**

1. Gains and losses on futures and options positions that hedge assets held for long-term investment purposes; report on SC690 (Other Assets); and
2. General valuation allowances; report on SC227.

**Do not include:**

1. Securities pledged on a margin account for futures and options contracts; report on SC690 (Other Assets);
2. Mortgage pool securities purchased subject to repurchase agreements (*i.e.*, the reporting association holds these securities as collateral received for loans made to others); report on SC185 (Other Investment Securities); and
3. CMOs, POs, or IOs; report on SC150 (Mortgage Derivative Securities).

**SC20: Total**

Report the sum of SC210, SC215, and SC220 less SC227.

**SC210: Insured or Guaranteed by an Agency or Instrument of the United States**

Report all mortgage pool securities insured or guaranteed by an agency or instrument of the United States.

**Include:**

1. FHLMC Participation Certificates; and
2. GNMA and FNMA pools.

**Do not include:**

1. FNMA and FHLMC Bonds; report on SC130 (U.S. Government and Agency Securities; and
2. Mortgage derivatives, including CMOs collateralized by FNMA, GNMA, and FHLMC mortgage-backed securities; report on SC150 (Mortgage Derivative Securities).

**SC215: Other Mortgage Pool Securities**

Report privately issued mortgage pool securities that are not insured or guaranteed by an agency or instrument of the United States.

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## SC220: Accrued Interest Receivable

Report accrued interest receivable on mortgage pool securities reported on SC210 and SC215 if collection was probable at the time of accrual. Securities on which collection of interest is not probable must be placed in a nonaccrual status.

## SC227: General Valuation Allowances

Report all general valuation allowances established on mortgage pool securities reported on SC210 through SC220. All valuation allowances must be included in the reconciliation of valuation allowances in Schedule VA..

## MORTGAGE LOANS

Report mortgage loans, contracts, and leases that are the functional equivalent of loans (see OTS Regulation 560.41) secured by real estate whether purchased or originated. All loans reported in this section must meet the requirements of mortgage classification in OTS Regulation 564 and 560.100-101 and the definition of real estate loans per OTS Regulation 560.3.

Mortgage loans reported on SC230 through SC265 fall into four categories:

1. **Those held for investment;** report these at cost adjusted for unamortized premiums and discounts if purchased at a price other than par;
2. **Those originated for sale;** report these at the lower of cost or market value at the reporting date; unamortized deferred loan fees and unamortized deferred gains and losses on asset hedges (reported on SC690) must be included in calculating cost;
3. **Those previously held for investment and now held for sale;** report these at the lower of cost or market value at the reporting date; unamortized deferred loan fees, discounts, and premiums, and unamortized deferred gains and losses on asset hedges (reported on SC690) must be included in calculating cost; and
4. **Those held in a trading portfolio;** report these at the market value at each reporting date by directly adjusting the asset balance; adjustments to mark a trading portfolio to market are not included in the valuation allowances reported on SC283.

**The balances in this section are adjusted for:**

1. Specific valuation allowances;
2. Deferred loan fees net of direct costs;
3. Discounts and premiums on the purchase of mortgage loans and contracts;
4. Adjustments made to apply lower-of-cost-or-market accounting treatment to mortgages held for sale but not in a trading account;
5. Any undisbursed balances of loans closed (loans-in-process); report these amounts on CC105-115;
6. The undisbursed portion of mortgage lines of credit; report these amounts on CC410-420;
7. Unearned interest; and
8. Deposits accumulated for the payment of loans (hypothecated deposits).



**The balances in this section are not adjusted for**

1. General valuation allowances (allowance for loan and lease losses); these are reported on SC283; and
2. Gains and losses on futures and options positions that hedge assets held for long-term investment purposes; these are reported on SC690 (Other Assets).

Loans secured by property including farm land with more than one use (*e.g.*, residential and commercial) should be reported in their entirety in the data field that describes the property type representing the largest percentage of the total value of all property securing the loan.

Capitalized loans should include accrued interest receivable and advances for the payment of taxes and insurance in the mortgage loan balance. Accrued interest and advances for taxes and insurance on all other loans are reported on SC272 and SC275, respectively.

**Include:**

1. FHA/VA and conventional first mortgage loans;
2. Junior or second mortgage loans;
3. Mortgage loans to unconsolidated subordinate organizations;
4. Participating interests in loans originated by others;
5. Loans to commercial entities collateralized by mortgages of third party borrowers (*e.g.*, warehouse loans), provided the underlying loans are secured by real estate and meet the requirements of OTS Regulations 564 and 560.100-101;
6. Disbursed portion of open-end home equity loans where the association secures the loan by a lien on real estate that meets the requirements of OTS Regulations 564 and 560-100-101;
7. The unpaid balance of the gross loan in a wrap-around mortgage where the reporting association wraps a loan held by a third party. The loan payable to the third party is reported as a liability on SC760 (Other Borrowings); and
8. Loans on units in cooperative buildings.

**Do not include:**

1. Mortgage pool securities; report on SC210 and SC215;
  2. The portion of participations sold; these are no longer reported on the association's statement of condition;
  3. Mortgage-backed bonds; report on SC185;
  4. Real estate loans where the characteristics dictate treatment as an investment in real estate in accordance with GAAP; report on SC45 (Real Estate Held for Investment);
  5. Foreclosed assets; report on SC405 through SC428 (Reposessed Real Estate);
  6. Loans secured by assets of which the association has obtained physical possession, but for which foreclosure has not yet taken place (*i.e.*, in-substance foreclosures); report on SC405 through SC428 (Reposessed Real Estate);
  7. Loans purchased subject to repurchase agreements (*i.e.*, the reporting association holds these loans as collateral received for loans made to others); report on SC185 (Other Investment Securities);
  8. Loan commitments that have not yet been taken down, even if fees have been received; and
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9. Loans on time-share arrangements; report on SC330 (Other Closed-end Consumer Loans).

**SC23: Total**

Report the sum of SC230 through SC275 less SC283.

**Construction Loans on:****SC230: 1-4 Dwelling Units**

Report the outstanding balance of all construction loans secured by 1-4 dwelling units. Balances are to be adjusted as described above in the general instructions to mortgage loans.

**Include:**

1. Construction loans secured by single-family dwelling units in detached or semi-detached structures (including manufactured housing);
2. Construction loans secured by structures consisting of 2-4 dwelling units (excluding garden-type apartment projects where the total number of apartments securing the mortgage is greater than four);
3. Construction loans to developers secured by tracts of land on which single-family houses (including town houses) are being constructed;
4. Combination land/construction loans on 1-4 dwelling units regardless of the current stage of construction or development;
5. Combination construction/permanent loans on 1-4 dwelling units until construction is completed or principal amortization payments begin, whichever comes first; and
6. "Bridge" loans to developers on 1-4 dwelling units where the same loan will not be assumed by the buyer, even if construction is completed or principal amortization payments have begun.

**Do not include:**

Loans for the development of building lots unless the same loan finances the erection of building improvements; report on SC265.

**SC235: 5 or More Dwelling Units**

Report the outstanding balance of all construction loans secured by 5 or more dwelling units. Balances are to be adjusted as described above in the general instructions to mortgage loans.

**Include:**

1. Loans for the construction of condominium and cooperative apartments;
2. Loans for the construction of fraternity/sorority houses offering sleeping accommodations;
3. Loans for the construction of living accommodations for students or staff of a college or hospital;
4. Loans for the construction of retirement homes with sleeping and eating accommodations that are not condominiums or cooperatives; the number of bedrooms determines the number of dwelling units;

5. Combination land/construction loans on 5 or more dwelling units regardless of the current stage of construction or development;
6. Combination construction/permanent loans on 5 or more dwelling units until construction is completed or principal amortization payments begin, whichever comes first; and
7. "Bridge" loans to developers on 5 or more dwelling units where the same loan will not be assumed by the buyer, even if construction is completed or principal amortization payments have begun.
8. Loans for the construction of mobile home parks.

### **SC240: Nonresidential Property**

Report the outstanding balance of all construction loans secured by nonresidential property. Balances are to be adjusted as described above in the general instructions to mortgage loans.

**Include:**

1. Loans for the construction of hospitals, nursing homes, hotels, churches, stores, and other commercial properties;
2. Combination land/construction loans on nonresidential property regardless of the current stage of construction or development;
3. Combination construction/permanent loans on nonresidential property until construction is completed or principal amortization payments begin, whichever comes first; and
4. "Bridge" loans to developers on nonresidential property where the same loan will not be assumed by the buyer, even if construction is completed or principal amortization payments have begun.

**Do not include:**

1. Loans to purchase land; report on SC265; and
2. Loans to purchase farm land; report on SC260.

### **Permanent Mortgages on:**

#### **1-4 Dwelling Units:**

### **SC250: *Closed-End First Mortgages and Junior Liens***

Report the outstanding balance of all closed-end loans secured by first and junior liens on 1-4 dwelling units. Balances are to be adjusted as described above in the general instructions to mortgage loans.

**Include:**

1. Mortgages secured by previously occupied and newly built 1-4 dwelling units where construction has been completed;
  2. Refinancing loans on 1-4 dwelling units where the original loan was a permanent mortgage; and
  3. Junior liens on 1-4 dwelling units where the senior lien is a permanent mortgage.
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**Do not include:**

1. Combination land/construction loans regardless of the current stage of construction or development; report on SC230;
2. Combination construction/permanent loans until construction is completed or principal amortization payments begin, whichever comes first; report on SC230;
3. "Bridge" loans to developers where the same loan will not be assumed by the buyer; report on SC230; and
4. Time share loans; report on SC330 (Consumer Loans: Closed End: Other, Including Leases).

**SC253: *Revolving, Open-End Loans***

Report the outstanding balance of all revolving, open-end loans secured by 1-4 dwelling units and extended under lines of credit (home-equity loans) where the association secured the loan by a lien on the real estate. Balances are to be adjusted as described above in the general instructions to mortgage loans.

All loans reported in this classification must meet the requirements of real estate loans as set forth in OTS Regulations 564 and 560.100-101. Loans that do not have an appraisal meeting these guidelines but would otherwise meet the definition of this data field must be reported on SC340 (Consumer Loans: Open-end: Revolving Loans Secured by 1-4 Dwelling Units).

**SC256: 5 or More Dwelling Units**

Report the outstanding balance of all loans secured by 5 or more dwelling unit residential property. Balances are to be adjusted as described above in the general instructions to mortgage loans.

**Include:**

1. Mortgages on previously occupied or newly built 5 or more dwelling units where construction has been completed;
2. Refinancing loans on 5 or more dwelling units where the original loan was a permanent mortgage; and
3. Junior liens on 5 or more dwelling units where the senior lien is a permanent mortgage.
4. Permanent mortgages secured by fraternity/sorority houses offering sleeping accommodations;
5. Permanent mortgages secured by living accommodations for students or staff of a college or hospital;
6. Permanent mortgages secured by retirement homes with sleeping and eating accommodations that are not condominiums or cooperatives; the number of bedrooms determines the number of dwelling units; and
7. Permanent mortgages secured by developed mobile home parks.

**Do not include:**

1. Combination land/construction loans regardless of the current stage of construction or development; report on SC235;
2. Combination construction/permanent loans until construction is completed or principal amortization payments begin, whichever comes first; report on SC235; and

3. "Bridge" loans to developers where the same loan will not be assumed by the buyer; report on SC235.

**SC260: Nonresidential Property (Except Land)**

Report the outstanding balance of all loans secured by nonresidential property excluding land. Balances are to be adjusted as described above in the general instructions to mortgage loans.

**Include:**

1. Mortgages on previously occupied or newly built nonresidential properties where construction has been completed;
2. Mortgages on properties to be used extensively for farming, regardless of the presence or absence of a dwelling unit on the property;
3. Refinancing loans where the original loan was a permanent mortgage on nonresidential property;
4. Junior liens on property where the senior lien is a permanent mortgage on nonresidential property; and
5. Permanent loans on hospitals, nursing homes, hotels, churches, stores, and other commercial properties.

**Do not include:**

1. Combination land/construction loans regardless of the current stage of construction or development; report on SC240;
2. Combination construction/permanent loans until construction is completed or principal amortization payments begin, whichever comes first; report on SC240; and
3. "Bridge" loans to developers where the same loan will not be assumed by the buyer; report on SC240.

**SC265: Land**

Report the outstanding balance of all mortgage loans secured by land. Balances are to be adjusted as described above in the general instructions to mortgage loans.

**Include:**

1. Loans for the acquisition and development of land (loans to finance the purchase of land and the accomplishment of all improvements required to convert it to developed building lots);
2. Loans for the acquisition of developed building lots;
3. Loans secured by vacant land;
4. Refinancing loans where the original loan was a permanent mortgage on land; and
5. Junior liens on land where the senior lien is a permanent mortgage.

**Do not include:**

1. Combination land/construction loans; report on SC230 through SC240; and
  2. Land used for farming; report on SC260 (Permanent Mortgages on Nonresidential Property (Except Land)).
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**SC272: Accrued Interest Receivable**

Report accrued interest receivable on mortgage loans reported on SC230 through SC265 if collection was probable at the time of accrual. Loans on which collection of interest is not probable must be placed in a nonaccrual status.

**Do not include:**

1. Interest receivable if collection was not probable at the time it was recorded;
2. Interest receivable on loans or participations serviced for others; report on SC690 (Other Assets); and
3. Interest receivable that is capitalized to the loan balance; report with the loan balance on SC230 through SC265.

**SC275: Advances for Taxes and Insurance**

Report amounts paid by the reporting association on behalf of borrowers for taxes and insurance on loans reported on SC230 through SC265.

**Do not include:**

1. Credit balances of advances for taxes and insurance; report on SC783 (Escrows);
2. Advances for taxes and insurance on loans and participations serviced for others; report on SC690 (Other Assets); and
3. Advances for taxes and insurance on capitalized loans; these are reported in the mortgage loan balance on SC230 through SC265.

**SC283: Allowance for Loan and Lease Losses**

Report all allowances for loan and lease losses (ALLL) established to recognize credit losses on mortgage loans reported on SC230 through SC275.

All valuation allowances must be included in the reconciliation of valuation allowances in Schedule VA..

**Do not include:**

1. Mark-to-market adjustments to mortgage loans held in a trading portfolio; these directly adjust the asset balance; and
2. Specific valuation allowances; these directly adjust the asset balance.

**NONMORTGAGE LOANS****The balances in this section are adjusted for:**

1. Specific valuation allowances;
2. Deferred loan fees net of direct costs;
3. Discounts and premiums on the purchase of mortgage loans and contracts;

4. Adjustments made to apply lower-of-cost-or-market accounting treatment to mortgages held for sale but not in a trading account;
5. Any undisbursed balances of closed-end loans (loans-in-process); report these amounts on CC125;
6. The undisbursed portion of lines of credit; report these amounts on CC410-420;
7. Unearned interest; (*i.e.*, add-on interest of loans issued at a discount); and
8. Deposits accumulated for the payment of loans (hypothecated deposits).

**The balances in this section are not adjusted for**

1. General valuation allowances (allowance for loan and lease losses); these are reported on SC357; and
2. Gains and losses on futures and options positions that hedge assets held for long-term investment purposes; these are reported on SC690 (Other Assets).

**Include:**

1. Unsecured loans;
2. Loans secured with tangible property other than real estate; and
3. Loans secured with real estate that do not meet the requirements of OTS Regulations 564 and 560.100-101.

**Do not include:**

1. Investments in securities collateralized by nonmortgage loans; report these securities on SC185 (Other Investment Securities); and
2. Loan commitments that have not yet been taken down, even if fees have been received.

**SC30: Total**

Report the sum of SC300 through SC348 less SC357.

**Commercial Loans:**

**SC32: Total**

Report the sum of SC300 through SC306.

**SC300: Secured, Other than Mortgage**

Report all loans to corporations, partnerships, and individuals for business purposes that are secured by tangible property other than real estate.

**Include:**

1. Loans secured by commercial properties that do not qualify as mortgage loans;
2. Secured loans for farming operations;
3. Floor-planning (inventory/wholesale) loans to dealers for automobiles or mobile homes;

4. Retail auto loans if the autos are for commercial use;
5. Nonmortgage loans insured or guaranteed by an agency of the federal government, state or municipal government authority (including FmHA, AID, and the insured portion of unsecuritized SBA loans);
6. Secured nonmortgage loans to unconsolidated subordinate organizations; and
7. Outstanding balances of secured commercial lines of credit.

**Do not include:**

1. Commercial financing leases; report on SC306; and
2. The uninsured portion of SBA loans; report on SC303.

**SC303: Unsecured**

Report all unsecured loans to corporations, partnerships, and individuals for business purposes.

**Include:**

1. Unsecured construction loans to builders;
2. Unsecured loans for the improvement of multifamily and other commercial property;
3. The outstanding balance of unsecured commercial lines of credit and overdrafts on commercial demand deposits, and business credit cards;
4. Unsecured loans for farming operations; and
5. All other unsecured loans made for commercial purposes.

**Do not include:**

1. Unsecured loans to unconsolidated subordinate organizations; report on SC50 (Investment in Unconsolidated Subordinate Organizations); and
2. Corporate debt securities (even if included in calculating OTS commercial loan limitations); report on SC185.

**SC306: Financing Leases**

Report all financing leases, including leveraged leases, to corporations, partnerships, and individuals for business purposes.

**Consumer Loans:**

Loans issued at a discount should be reported net of the related unearned interest in accordance with APB Opinion No 21.

**SC34: Total**

Report the sum of SC310 through SC345.



**Closed End:**

Closed-end loans are loans that have a fixed amount to be disbursed where the entire amount is expected to be disbursed. Overdraft privileges, credit cards, and lines of credit are **open-end** loans because, although they have a fixed ceiling, the association may not necessarily disburse the full amount of the line of credit.

**SC310: *Loans on Deposits***

Report share loans and other loans to individuals for household, family, and other personal expenditures fully secured by the pledge or assignment of the borrower's deposits or other credits at the lending institution. When a loan is secured by a lien on real estate or chattel and is also secured by a pledge on deposits, the entire loan should be classified based on what the reporting association considers the loan's primary collateral.

**SC316: *Home Improvement Loans***

Report all closed-end home improvement loans (insured or uninsured) for the equipping, alteration, repair, or improvement of 1-4 dwelling units based primarily on the creditworthiness of the borrower.

**Do not include:**

1. Loans for the improvement of multifamily housing (5 or more dwelling units) or for nonresidential property; report on SC303 (Unsecured Commercial Loans); and
2. Home equity lines of credit; report on SC340.

**SC320: *Education Loans***

Report closed-end loans originated for the sole purpose of funding educational expenses.

**SC323: *Auto Loans***

Report all loans to consumers secured by automobiles, including pickup or panel trucks, vans and sports vehicles that are primarily for personal use.

**Do not include:**

1. Loans on cars or trucks intended primarily for commercial, industrial and professional purposes; report on SC300 (Commercial Loans: Secured, Other than Mortgage); and
2. Floor-planning (inventory/wholesale) loans; report on SC300 (Commercial Loans: Secured, Other than Mortgage).

**SC326: *Mobile Home Loans***

Report consumer loans secured by mobile homes.

**Do not include:**

Floor-planning (inventory/wholesale) loans; report on SC300 (Commercial Loans: Secured, Other than Mortgage).

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**SC330: *Other, Including Leases***

Report closed-end loans and financing leases to individuals for household, family, and other personal expenditures not included elsewhere.

Include loans on time-share units.

Do not include loans on units in cooperative buildings; report on SC250 (Permanent Mortgages on 1-4 Dwelling Units: Closed-end First Mortgages and Junior Liens).

**Open-End:**

Report loan amounts actually disbursed and still outstanding. Undisbursed amounts are reported on CC410 (Unused Lines of Credit: Open-End Consumer Lines).

**SC340: *Revolving Loans Secured by 1-4 Dwelling Units***

Report the disbursed portion of all revolving, open-end loans secured by 1-4 dwelling units and extended under lines of credit (open-end home equity loans) that do not meet the requirements of OTS Regulations 564 and 560.100-101 and therefore cannot be classified as mortgages.

**Do not include:**

1. Closed-end home improvement loans; report on SC316; and
2. Equity loans on commercial property; report on SC300 (Commercial Loans: Secured, Other than Mortgage).

**SC345: *Credit Cards and Related Plans***

Report the disbursed portion of open-end consumer credit, including both secured and unsecured credit.

**Include:**

1. Credit extended in connection with consumer credit cards; and
2. Overdrafts of consumer NOW and demand accounts; do not net against deposits reported on SC710 (Deposits).

**Do not include:**

1. Unsecured credit extended for commercial purposes; report on SC303 (Commercial Loans: Unsecured); and
2. Unused portion of credit extended to individuals; report only the disbursed portion.

**SC348: *Accrued Interest Receivable***

Report accrued interest receivable on nonmortgage loans reported on SC300 through SC345, if collection was probable at the time of accrual. Loans on which the collection of interest is not probable must be placed in a nonaccrual status.

**Do not include:**

1. Interest receivable if collection was not probable at the time it was recorded; and
2. Interest receivable on loans or participations serviced for others; report on SC690 (Other Assets).

**SC357: Allowance for Loan and Lease Losses**

Report all allowances for loan and lease losses (ALLL) established to recognize credit losses on nonmortgage loans reported on SC300 through SC348.

All valuation allowances must be included in the reconciliation of valuation allowances in Schedule VA.

**REPOSSESSED ASSETS**

Throughout these instructions, the terms “foreclosure” and “repossession” (and other forms of those terms) are used interchangeably. In addition, the terms “foreclosed assets” and “repossessed assets” include in-substance foreclosures.

Foreclosed assets are deemed held for sale and are to be initially recorded at the lower of: (1) recorded investment (*i.e.*, carrying value before deduction for valuation allowances) in the loan or (2) fair value, less cost to sell, of the foreclosed asset.

At foreclosure, any excess of recorded investment over fair value less cost to sell is to be classified “Loss” and is to be charged-off. This “Loss” classification may not be represented by a valuation allowance. Accordingly, the lower of: (1) recorded investment in the loan, or (2) fair value less cost to sell of the foreclosed asset, becomes the new recorded investment in the foreclosed asset. Legal fees and direct costs of acquiring title to foreclosed assets are to be expensed as incurred, and thus are not part of the recorded investment.

After foreclosure, any excess of recorded investment over the current fair value less cost to sell is to be classified “Loss” and is to be charged-off, or may be represented by a specific valuation allowance. Valuation allowances are deducted from recorded investment to arrive at carrying value. Repossessed assets are to be reported net of specific valuation allowances.

For a foreclosed asset subject to a third party liability (*i.e.*, a lien senior to that settled by the foreclosure), the third party liability is reported on SC760 (Other Borrowings). Therefore, the carrying value of such a foreclosed asset is not to be offset by the third party liability.

**Include:**

1. Real estate and other assets for which a marketable title has been acquired by foreclosure or by a deed in lieu of foreclosure;
  2. Real estate and other assets acquired through in-substance foreclosure for which a marketable title has not yet been acquired;
  3. Real estate and other assets acquired as part of a troubled debt restructuring;
  4. Capitalized costs for repossessed assets during construction (not exceeding fair value less cost to sell); and
  5. Property which a loan servicer has acquired through foreclosure on your behalf (including in-substance foreclosures) where there is no recourse to a third party.
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**Do not include:**

1. Real estate held for investment or development; report on SC45 (Real Estate Held for Investment);
2. Real estate acquired for future use of the reporting association; report on SC55 (Office Premises and Equipment);
3. Real estate acquired by foreclosure or deed in lieu of foreclosure on VA or FHA-HUD loans while the title is held pending conveyance to that agency; report on SC690 (Other Assets);
4. Foreclosed real estate from a loan treated as an investment in real estate in accordance with GAAP; continue to report these on SC45 (Real Estate Held for Investment); and
5. Foreclosed real estate from loans to entities (e.g., joint ventures) in which the reporting association or its subsidiaries are investors; report these on SC45 (Real Estate Held for Investment).

**SC40: Total**

Report the sum of SC405 through SC430 less SC441.

**Real Estate:****SC405: Construction**

Report repossessed real estate that is in the process of construction. Do not include land being developed into building lots prior to the initiation of construction of improvements, which is reported on SC428.

**SC415: 1-4 Dwelling Units**

Report repossessed property consisting of 1-4 dwelling units that is not in the process of construction.

**SC425: 5 or More Dwelling Units**

Report repossessed property consisting of 5 or more dwelling units that is not in the process of construction.

**SC426: Nonresidential (Except Land)**

Report repossessed nonresidential property. Do not include land, which is reported on SC428.

**SC428: Land**

Report repossessed land.

**Include:**

1. Vacant land;
2. Developed building lots on which no building construction has begun; and

3. Land in the process of being subdivided and developed into lots.

### **SC430: Other Repossessed Assets**

Report all non-real-estate repossessed property.

### **SC441: General Valuation Allowances**

Report all general valuation allowances established on repossessed assets.

**Do not include:**

1. Specific valuation allowances; these must directly reduce the asset balance;
2. Writedowns to mark repossessed assets to fair value less cost to sell at foreclosure; these must directly reduce the asset balance; and
3. Valuation allowances established prior to transfer to REO.

### **SC45: REAL ESTATE HELD FOR INVESTMENT**

Report the recorded investment of all real estate acquired by the reporting association for development, investment or resale, net of specific valuation allowances, general valuation allowances reported on SC481, and accumulated depreciation.

**Include:**

1. Real estate acquired and held for investment purposes;
2. Real estate loans that are accounted for as investments in real estate in accordance with GAAP;
3. Real estate originally acquired for future use of the association but no longer intended for that purpose, unless it is held-for-sale, in which case it is reported on SC55;
4. Real estate formerly occupied by the reporting association, unless it is held-for-sale, in which case it is reported on SC55;
5. Real estate acquired through foreclosure that no longer qualifies as "repossessed real estate" because of the length of time it has been held or the purpose for which it is being held; and
6. Capitalized carrying costs of real estate in the process of construction in accordance with SFAS No. 34, "Capitalization of Interest Costs."

**Do not include:**

1. Office buildings and land that the association owns and uses in its business operations; report on SC55 (Office Premises and Equipment);
  2. Real estate acquired as part of a troubled debt restructuring; report on SC405 through SC428 (Repossessed Assets: Real Estate);
  3. Real estate acquired indirectly through an entity designated as a pass-through investment as described in OTS Regulation 560.32; report the pass-through investment on SC140 (Equity Securities Except FHLB Stock); and
  4. The share of investments owned in real estate joint ventures qualifying as unconsolidated subordinate organizations; report on SC50.
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**SC481: Memo: General Valuation Allowances**

This item has already been deducted from SC45 and therefore is a memo item and is not included in the summation of assets for SC60 (Total Assets). Report all general valuation allowances established on real estate held for investment reported on SC45.

All valuation allowances must be included in the reconciliation of valuation allowances in Schedule VA.

**SC50: INVESTMENT IN UNCONSOLIDATED SUBORDINATE ORGANIZATIONS**

**(This line will be renamed “Equity Investments Not Subject to SFAS No. 115 (Excluding FHLBank Stock)” on the 1998 TFR.)**

Report the investment in all unconsolidated subordinate organizations and pass-through investments (even though they are not subordinate organizations) accounted for by either the equity or cost method. Include unsecured loans to unconsolidated subordinate organizations. Report secured loans to unconsolidated subordinate organizations in the appropriate loan category according to the underlying collateral of the loan.

**Equity Method**

The equity method as described in APB Opinion No. 18 is generally used when an investor owns 20% to 50% of the voting shares of an investment and/or is able to exert significant influence over the operation of the entity.

The carrying value of the association's investment in common stock is initially recorded at cost. The investment is adjusted to record the association's proportionate share of the entity's earnings or losses after the elimination of intercompany profits and is decreased by the amount of dividends from the entity.

**Cost Method**

The cost method is used when an association owns less than 20% of the voting shares of the investment and cannot exert significant influence over its operations.

The carrying value of the association's investment is recorded at cost and is not adjusted for net income or loss or dividends. Cash dividends received are recorded as income from the investment and are reported on SO491 (Other Noninterest Income).

**SC529: Memo: General Valuation Allowances**

This item is a memo item that has already been deducted from SC50 and therefore is not included in the summation of assets for SC60 (Total Assets). Report all general valuation allowances established on amounts reported on SC50 to recognize losses pertaining to the reporting association's investment in and unsecured loans to its unconsolidated subordinate organizations.

All valuation allowances must be included in the reconciliation of valuation allowances in Schedule VA.

**Do not include:**

1. Specific valuation allowances;
2. Valuation allowances established at the subordinate organization level; and

3. Permanent declines in value; these must be written off directly against the equity investment.

## **SC55: OFFICE PREMISES AND EQUIPMENT**

Report the book value of all premises and equipment (whether purchased directly or acquired by means of a capital lease) used in the reporting association's business operations, net of accumulated depreciation. In a sale/leaseback where the resulting lease is a capital lease, report the capital lease net of the unamortized deferred gain or loss.

Report depreciation expense for the quarter on SO530 (Office Occupancy and Equipment Expense).

### **Include:**

1. All land, buildings, and parking lots occupied by the association, including those only partially occupied by the reporting savings association;
2. Land or improved real estate intended for future use in the business operations of the association;
3. Capital leases for the association's office premises and equipment;
4. Carrying costs capitalized during the construction of the association's premises;
5. The unamortized balance of all improvements to leased quarters and any capital improvements made to land leased for the use of the association; and
6. Office furniture, fixtures, equipment and vehicles owned by the reporting association.

### **Do not include:**

1. Repossessed assets, unless used by the reporting association on other than a temporary basis; report on SC405 through SC430;
2. Real estate held for investment; report on SC45;
3. Real estate originally purchased for use by the association but no longer intended for that use, unless held for sale; report on SC45 (Real Estate Held for Investment);
4. Real estate acquired as part of a troubled debt restructuring; report on SC405 through SC428 (Reposessed Real Estate); and
5. The costs of computer software developed or modified for internal use; such costs should be expensed as incurred.

## **OTHER ASSETS:**

### **SC58: Total**

Report the sum of SC642 through SC690 less SC699.

### **Servicing Assets on:**

Report the amortized cost, net of any specific valuation allowances, of servicing assets accounted for under SFAS No. 125.

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In general, servicing assets are initially recorded at cost (which often approximates fair value). Subsequent to initial recording, servicing assets are measured at the lower of amortized cost or fair value. Where amortized cost exceeds fair value, the amount of the impairment is represented by a specific valuation allowance.

Servicing assets are subject to certain regulatory capital limitations; refer to the instructions for data field CCR230.

Do not include amounts for any rights to future interest income from the serviced loans that exceed contractually specified servicing fees (defined below). Such rights are not servicing assets. Report such amounts on SC655 (Interest-only Strip Receivables and Certain Other Instruments).

Contractually specified servicing fees are all amounts that, per the contract, are due to the servicer in exchange for the servicing and would no longer be received by a servicer if the beneficial owners of the serviced assets were to exercise their actual or potential authority under the contract to shift the servicing to another servicer.

### **SC642: Mortgage Loans**

Report servicing assets on mortgage loans only.

### **SC644: Nonmortgage Loans**

Report servicing assets of loans other than mortgages; e.g., automobile and credit card loans.

### **SC655: Interest-only Strip Receivables and Certain Other Instruments**

Report the amortized cost, net of any specific valuation allowances, of certain nonsecurity financial instruments (CNFIs) accounted for under SFAS No. 125. CNFIs include interest-only strip receivables, loans receivable, other receivables, or retained interests in securitizations that can be contractually prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investment.

Do not include interest-only strips **in security form**; report on SC150 (Mortgage Derivative Securities).

In general, CNFIs are initially recorded at cost (which often approximates fair value). Subsequent to initial recording, CNFIs are measured at fair value, like investments in debt securities classified as available-for-sale or trading under SFAS No. 115.

### **SC660: Goodwill and Other Intangible Assets**

Report the unamortized balance of goodwill and other intangibles.

#### **Goodwill arises when:**

1. The fair value of liabilities assumed exceeds the fair value of tangible and identified intangible assets acquired; and
2. The purchase price exceeds the fair value of assets received (including identifiable intangible assets) less the fair value of liabilities assumed.



**Goodwill is recorded in:**

1. Mergers using the purchase method of accounting;
2. Acquisitions of the reporting association using push-down accounting; and
3. Purchase of the assets and liabilities of a branch office.

Goodwill is not recorded in receiverships and similar reorganizations. In this case the excess of liabilities over assets is recorded as deficit capital.

The recording, determination of the life, and amortization of goodwill must be in accordance with GAAP as principally prescribed by SFAS No. 72.

**Include:**

1. Goodwill;
2. Identified core deposit intangibles;
3. Organization costs; and
4. Other intangible assets.

**Do not include:**

1. Servicing assets reported on SC642 and SC644 (Servicing Assets);
2. Interest-only strip receivables and certain other instruments reported on SC655; and
3. FSLIC capital assistance; this should not be included in goodwill in accordance with GAAP.

**SC690: Other Assets**

Report the total of assets not reported elsewhere on Schedule SC. A list of the types of assets to be included can be found in the memo items detailing other assets below.

**Do not include:**

1. Premiums on deposits and borrowed money purchased by the reporting association; report premiums on deposits on SC715 and premiums on borrowed money with the related borrowing;
2. Deferred credits (deferred income) that do not have a related asset; report on SC796 (Other Liabilities and Deferred Income);
3. Accounts with a material credit balance that are not contra-assets; report on SC796 (Other Liabilities and Deferred Income); and
4. Identified core deposit intangibles; report on SC660 (Goodwill and Other Intangible Assets).

**Memo: Detail of Other Assets**

Report the three largest items comprising the amount reported in SC690. Codes best describing these items should be selected from the list below and reported on SC691, 693 and 697, and the corresponding amounts should be reported on SC692, 694, and 698. This detail must be completed if an amount is reported on SC690.

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**SC691, 693 and 697: Codes**

- 01 Federal Home Loan Bank Stock
- 02 Accrued Federal Home Loan Bank dividends
- 03 Federal, state, or other taxes receivable (whether as the result of prepayment or net operating loss carrybacks);
- 04 Net deferred tax assets in accordance with SFAS No.109;
- 05 Insured portion of real estate acquired by foreclosure or deed in lieu of foreclosure on VA or FHA-HUD loans while the title is held pending conveyance to that agency
- 06 Prepaid deposit insurance premiums
- 07 Prepaid expenses
- 08 Deposits for utilities and other services
- 09 Advances for loans serviced for others (including advances for taxes and insurance and advances to investors)
- 10 Property leased to others under an operating lease as provided in OTS Regulation 560.41, net of accumulated depreciation
- 11 Deferred issuance costs related to subordinated debentures, mandatory convertible securities, and redeemable preferred stock
- 12 Amounts receivable under interest rate swap agreements
- 13 Noninterest-bearing accounts receivable from a holding company or affiliate
- 14 Other miscellaneous noninterest-bearing short-term accounts receivable
- 15 Margin accounts
- 16 Unamortized options fees
- 17 Deferred net losses (gains) on asset hedges
- 18 Cash surrender value of life insurance
- 19 Receivable from a broker between trade and settlement dates on the sale of securities
- 99 Other (**Use this code only for those items not identified above.**)

**SC692, 694, and 698: Amounts**

Report the dollar amounts corresponding to the codes reported on SC691, 693, and 697.

**SC699: General Valuation Allowances**

Report all general valuation allowances established to recognize credit losses on receivables included in Other Assets.

All valuation allowances must be included in the reconciliation of valuation allowances in Schedule VA.

**SC60: Total Assets**

Report the sum of SC10, SC20, SC23, SC30, SC40, SC45, SC50, SC55, and SC58. This amount must equal SC90.



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## LIABILITIES

### SC710: Deposits

Report all deposits at their face value except zero coupon deposits, which are reported at face value net of the unamortized discount.

**Include:**

1. All deposits whether interest-bearing or not;
2. Deposits exceeding SAIF insurance limits, including those collateralized by the association's assets, such as deposits of public funds;
3. Unposted credits, such as:
  - a. Deposit transactions that are included in a general ledger account and have not yet been posted to a deposit account;
  - b. Deposits received in one branch for deposit into another branch (typically another branch in another state or outside of continental U.S.A)

[Unposted credits should be reported net of unposted debits, which are defined as cash items in the reporting association's possession that are drawn on the reporting association and immediately chargeable, but not yet charged, against the association's deposits at the close of business on the reporting date. Exclude: (i) cash items drawn on other financial institutions; (ii) overdrafts and nonsufficient fund (NSF) items; (iii) cash items returned unpaid to the last endorser for any reason; and (iv) drafts and warrants that are "payable at" or "payable through" the reporting association for which there is no written authorization from the depositor and no state statute allowing the association at its discretion to charge the items against the deposit accounts of the drawees. Report the above excluded unposted debit amounts in assets on SC110. Note: If the total of #3 is negative, it can be deducted from SC710.];

4. Outstanding cashier's checks, money orders, or other official checks drawn on an internal account issued in the usual course of business for any purpose, including, without being limited to, those issued in payment for services, dividends, or purchases of the reporting association, or payable to a third party named by a customer making the withdrawal;
5. Accounts pledged by the directors and/or organizers of the association as protection against operating deficits and other nonwithdrawable accounts, whether or not they are used in determining compliance with minimum capital requirements;
6. U.S. Treasury tax and loan accounts that represent funds received as of the close of business of the reporting date. Do not include funds credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes; such balances are reported on SC796 (Other Liabilities and Deferred Income);
7. Unapplied loan balances (*i.e.*, receipts from borrowers that have not yet been classified as principal, interest, etc.), unless the reporting association credits the applicable customer accounts "as of" the date the funds are initially received;
8. Credit balances in card credit accounts (*i.e.*, credit card customer overpayments);
9. Funds received or held in connection with drafts or checks drawn by the reporting association on another depository institution, a Federal Home Loan Bank, or a Federal Reserve Bank either on a zero-balance account or on an account that is not routinely maintained with sufficient balances

to cover checks drawn in the normal course of business (including accounts where funds are remitted by the reporting association only when it has been advised that the checks or drafts have been presented). For example, funds received from a customer for a cashiers check which is drawn on a zero-balance account in another financial institution;

10. Dealer reserve accounts - refundable amounts held as collateral in the purchase of installment notes from a dealer. For example, an association purchases \$100,000 in installment notes from a dealer for the full face amount for which it pays \$90,000 to the dealer and holds the remaining \$10,000 as collateral. The \$10,000 held as collateral is a dealer reserve account, which is reported as a deposit;
11. Outstanding travelers' letters of credit and other letters of credit issued by the reporting association for cash or its equivalent (*i.e.*, prepaid letters of credit), less outstanding drafts accepted against the letters of credit; and
12. Funds (except hypothecated deposits) held as security for an obligation due to the bank or others, and funds deposited by a debtor to meet maturing obligations (*e.g.*, amounts pledged against sinking fund mortgages and as collateral for loans).

The gross amount of debit items ("rejects") that cannot be posted to the individual deposit accounts without creating overdrafts or for some other reason (*e.g.*, stop payment, missing endorsement, post or stale date, or account closed), but which have been charged to the control accounts of the various deposit categories on the general ledger, should be added back to the appropriate deposit control totals and reported on SC690 (Other Assets).

Reciprocal balances with commercial banks and other savings associations should be reported on a net basis where the right of set-off exists. Reciprocal demand balances arise when two depository institutions maintain deposit accounts with each other. The amount by which the reporting association's demand deposits have been reduced by reciprocal balances is reported on SI247 for demand deposits and SI248 for time and savings deposits.

**Do not include:**

1. Escrow accounts; report on SC783 (Escrows);
2. Custodial accounts established pursuant to loan servicing agreements; report on SC783 (Escrows);
3. Deposit accounts set up by the association in its own name; eliminate the cash account from assets and the same amount from deposits (see item 4 under "include" above concerning outstanding checks);
4. Outstanding checks drawn on, or payable at or through, a non-zero-balance account at a Federal Reserve Bank or a Federal Home Loan Bank; these amounts should be deducted from cash-in-bank (typically, SC110 or SC162, as appropriate), and also reported on SI239 for inclusion in the deposit base for FDIC insurance assessment purposes (see item 9 under "Include" above concerning outstanding checks drawn on zero-balance accounts);
5. Outstanding checks written against accounts in other depository institutions, as defined by the Federal Deposit Insurance Act; deduct these from the related deposit reported on SC110 or SC166;
6. Discounts and premiums established as a result of marking assets and liabilities to fair value as a result of an acquisition, merger, or change in control; report on SC715 (Unamortized Yield Adjustments on Deposits);
7. Deductions for commissions and other capitalized items; report on SC715 (Unamortized Yield Adjustments on Deposits);

8. Deductions for customers' overdrafts in NOW and demand accounts unless the right of set-off under a valid cash management arrangement exists for accounts of the same legal entity; report as loans on SC303 (Commercial Loans: Unsecured) or SC345 (Consumer Loans: Open-End: Unsecured);
9. U.S. Treasury tax and loan account balances credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes; such balances are reported in liabilities on SC796 (Other Liabilities and Deferred Income); and
10. Hypothecated deposits (deposits accumulated for the payment of loans); deduct these from the related loan.

## SC783: Escrows

Report all escrow funds held by the reporting association and its consolidated subsidiaries on behalf of others.

### Include:

1. Tax and insurance escrows for mortgage loans;
2. Escrow accounts established pursuant to loan servicing agreements; including both tax and insurance and principal and interest escrows;
3. Custodial accounts established pursuant to loan servicing agreements;
4. Credit balances of uninvested trust funds held by the reporting association; do not net balances of different accounts; report only accounts with credit balances; accounts with debit balances should be reported as loans; however, netting is permitted for overdrafts in principal or income cash in individual trust accounts maintained in the same right and capacity;
5. Amounts held in conjunction with the sale of travelers' checks, money orders, and similar instruments;
6. Amounts held and not yet remitted in conjunction with the sale or issuance of government bonds, mutual funds or other securities;
7. Refundable loan commitment fees received prior to loan closing;
8. Funds received from stock subscribers for unissued stock that are refundable;
9. Amounts withheld from employee compensation for payment to a third party (e.g., withholding taxes, health and life insurance premiums, pension funds, etc.);
10. Interest withheld from deposits for remittance to taxing authorities; and
11. Interest accrued on escrows included above.

### Do not include:

1. Advances for borrowers' taxes and insurance (i.e., T&I escrow accounts with debit balances); if the related loan is owned by the reporting association or its consolidated subsidiaries, report on SC275 (Advances for Taxes and Insurance); if the related loan is serviced for others, report on SC690 (Other Assets);
2. Advances to investors for loans serviced for others prior to receipt from the borrower; report as assets on SC690 (Other Assets);
3. Custodial accounts held by a depositor for another (e.g., custodial account held for a minor where the parent or some other depositor is the custodian); report as deposits on SC710;

4. IRA and Keogh accounts; report as deposits on SC710; and
5. Escrows where the funds are deposited in other depository institutions; report as liabilities on SC796.

## **SC715: Unamortized Yield Adjustments on Deposits**

Report the unamortized balance of discounts and premiums on deposits. Report the face amounts of the related deposits on SC710 (Deposits). These yield adjustments are amortized to interest expense on SO215 (Deposits).

In marking assets and liabilities to fair value, discounts and premiums must be recorded and amortized in accordance with GAAP as principally prescribed in APB No. 16, "Business Combinations" and SFAS No. 72, "Accounting for Certain Acquisitions of Banking or Thrift Institutions."

### **Include:**

1. Discounts and premiums from marking deposits to fair value as a result of an acquisition, merger, or change in control;
2. Commissions paid on deposits;
3. Promotions, give-aways and other capitalized expenses; and
4. The net deferred gain or loss on termination of interest-rate swaps hedging deposits.

This data field is negative (*i.e.*, a debit) when unamortized discounts, capitalized expenses, and losses on terminated interest-rate swaps exceed the total credit-balance yield adjustments.

### **Do not include:**

1. Yield adjustments related to advances and borrowings; these directly reduce the related borrowing;
2. Core deposit intangibles resulting from an acquisition, merger, or change in control; report on SC660 (Goodwill and Other Intangible Assets); and
3. Deferred gains and losses on deposit hedges; report on SC796 (Other Liabilities and Deferred Income).

## **Borrowings:**

Report all borrowings net of deferred discounts, premiums, and issuance costs in accordance with FASB Statement of Financial Accounting Concepts No. 6, Paragraphs 236 and 237. The deferred discounts, premiums, and issuance costs are amortized to interest expense.

## **SC72: Total**

Report the sum of SC720 through SC760.

## **SC720: Advances from FHLBank**

Report all FHLBank borrowings.

**Include:**

1. All FHLBank advances;
2. Reverse repurchase agreements with the FHLBank; and
3. Deferred commitment fees paid on FHLBank advances; these reduce the outstanding balance.

**Do not include:**

1. Accrued interest; report on SC766 (Accrued Interest Payable - Other); and
2. FHLBank advances that have been defeased in substance in accordance with GAAP, as principally prescribed in SFAS No. 76, "Extinguishment of Debt," and FASB Technical Bulletin 84-4, "In-substance Defeasance of Debt;" these advances and the related assets are not reported in the reporting association's Statement of Condition.

**SC730: Reverse Repurchase Agreements**

Report funds received under reverse repurchase, retail repurchase, dollar-reverse-repurchase, and "dollar-roll" agreements that are accounted for as financings in accordance with GAAP. Funds received from transactions accounted for as a sale (*i.e.*, yield maintenance, dollar-reverse-repurchase agreements and certain "dollar-roll" transactions) are included in the gain or loss on the sale.

All reverse repurchase agreements with an original maturity exceeding 12 months maturing at the same time as the underlying security are to be reported as a sale of the underlying security by the association agreeing to repurchase and as a purchase by the association agreeing to resell. Such transactions are commonly referred to as reverse repurchase agreements to maturity.

Reverse repurchase agreements maturing prior to the maturity of the underlying security that have an original maturity exceeding 12 months shall be reported as a sale or purchase of the underlying security, as appropriate, when the original maturity of the reverse repurchase agreement exceeded 50% of the remaining maturity of the underlying security at the time the reverse repurchase transaction was entered into.

An exception to this reporting requirement for reverse repurchase agreements with an original maturity exceeding 12 months exists in those cases where the reporting association can demonstrate, and has fully documented, that the transaction was not entered into to consummate the disposition of the underlying security.

Note that the reverse repurchase transaction and subsequent investment of these "borrowed" funds are independent transactions and, therefore, any income generated by this subsequent investment should not offset the interest expense incurred in the reverse repurchase transaction. Report interest income on SO110 (Interest Income: Deposits and Investment Securities) and interest expense on SO260 (Interest Expense: Other Borrowed Money).

**Do not include:**

Reverse repurchase agreements entered into with the FHLBank; report these as FHLBank advances on SC720.

**SC735: Subordinated Debentures (Including Mandatory Convertible Securities)**

Report subordinated debentures and mandatory convertible securities issued by the reporting association or its consolidated subsidiaries net of premiums and discounts. Report issuance costs related to subordinated debentures and mandatory convertible securities on SC690 (Other Assets).

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**Mortgage Collateralized Securities Issued:**

Report only those mortgage collateralized securities that are not recorded as sales in accordance with GAAP as principally prescribed by SFAS No. 77, "Reporting by Transferors for Transfers of Receivables with Recourse" and FASB Technical Bulletin 85-2, "Accounting for Collateralized Mortgage Obligations (CMOs)."

**SC740: CMOs (including REMICs)**

Report all collateralized mortgage obligations (CMOs) issued by the reporting association and its consolidated subsidiaries net of issuance costs, discounts and premiums.

**SC745: Other**

Report all mortgage collateralized securities, other than CMOs, issued by the reporting association and its consolidated subsidiaries that are not recorded as sales in accordance with GAAP.

**SC760: Other Borrowings**

Report all other borrowings not included on SC720 through SC745.

**Include:**

1. Redeemable preferred stock issued by consolidated subsidiaries to third parties;
  2. Mortgages and other encumbrances on the association's office premises or real estate owned for which the association is liable;
  3. Obligations of an employee stock ownership plan (ESOP) to a lender other than the savings association or holding company, when such reporting is required under GAAP, including the AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans;"
  4. The underlying mortgage in a wrap-around loan unless the holder of the underlying mortgage has accepted a subordinated position, in which case, the underlying loan is deducted against the related loan;
  5. Senior liens on foreclosed real estate;
  6. Overdrafts in the reporting association's transaction accounts in other depository institutions, where there is no right of set-off against other accounts in the same financial institution, unless the overdraft is in a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, in which case funds received or held in connection with checks drawn on the other depository institutions are to be included in deposits;
  7. Commercial paper issued;
  8. Liabilities for capital leases related to assets reported on SC55;
  9. Federal Funds purchased;
  10. Eurodollar issues; and
  11. The liability from a "sale" of loans with recourse accounted for as a financing; refer to SFAS No. 77, "Reporting by Transferors for Transfers of Receivables with Recourse."
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**Do not include:**

1. Accrued interest due and payable; report on SC766 (Accrued Interest Payable - Other);
2. Redeemable preferred stock issued by the reporting association; report on SC799 (Redeemable Preferred Stock and Minority Interest); and
3. Permanent preferred stock issued by a consolidated subsidiary; report on SC799 (Redeemable Preferred Stock and Minority Interest).

The interest and dividends on all borrowings and yield adjustments reported on this line must be charged to expense on SO260 (Other Borrowed Money). Interest expense must not be netted against the interest income on the related asset.

**Other Liabilities:****SC75: Total**

Report the sum of SC763 through SC796.

**SC763: Accrued Interest Payable - Deposits**

Report accrued interest that has not been credited to deposit accounts.

**Do not include:**

Interest withheld from deposits for remittance to taxing authorities; report on SC783 (Escrows).

**SC766: Accrued Interest Payable - Other****Include:**

Accrued interest/dividends due on borrowings reported on SC720 through SC760.

**SC776: Accrued Taxes****Include:**

1. Federal, state and local income taxes;
2. Real estate taxes;
3. Employer's share of payroll taxes; and
4. Other miscellaneous taxes.

**Do not include:**

1. Taxes withheld from employees' salaries; report on SC783 (Escrows);
2. Tax accrual accounts with debit balances; report as accounts receivable on SC690 (Other Assets); and
3. Interest withheld from deposits for remittance to taxing authorities; report on SC783 (Escrows).

**SC780: Accounts Payable**

Report the amount accrued for services, supplies, materials, and other expenses.

Accounts payable with material debit balances must be reclassified to accounts receivable; report on SC690 (Other Assets).

**SC790: Deferred Income Taxes**

Report deferred federal, state, and local income tax liabilities. Report debit balances as assets on SC690 (Other Assets).

**SC796: Other Liabilities and Deferred Income**

Report the total of liabilities not reported elsewhere on Schedule SC. A list of the types of liabilities to be included can be found in the memo items detailing other liabilities below.

**Memo: Detail of Other Liabilities**

Report the three largest items comprising the amount reported in SC796. Codes best describing these items should be selected from the list below and reported on SC791, 794 and 797, and the corresponding amounts should be reported on SC792, 795, and 798. This detail must be completed if an amount is report on SC796.

**SC791, 794 and 797: Codes**

- 01 Dividends payable on stock
- 02 Financial options fees received
- 03 Deferred net gains (losses) on liability hedges
- 04 Nonrefundable loan commitment fees received prior to loan closing
- 05 Deferred gains from sale/leaseback where the resulting lease is an operating lease
- 06 Balances in U.S. Treasury tax and loan accounts administered under the note option that provide for the conversion of the previous day's balance to an interest-bearing demand note
- 07 Deferred gains from the sale of real estate recorded under the percentage-of-completion or deposit methods pursuant to SFAS No. 66, "Accounting for Sales of Real Estate"
- 08 Negative investments in entities accounted for under the equity method
- 09 Fees received for standby contracts and other option arrangements where the association is obligated to purchase or sell securities at the option of the other party
- 10 Amounts due brokers between trade and settlement dates on the purchase of securities
- 11 The liability recorded for post-retirement benefits other than pensions pursuant to SFAS No. 106
- 12 Negative goodwill
- 13 Amounts payable under interest-rate-swap agreements

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- 14 Unapplied loan payments received for which the customer's account will be credited as of the date of receipt
  - 15 Liability when the benefits of a loan servicing contract are not expected to adequately compensate the servicer
  - 16 Recourse loan liability
  - 17 Noninterest-bearing payables due to affiliates
  - 18 Litigation reserves
  - 19 Nonrefundable stock subscriptions (Note that refundable stock subscriptions are reported as escrows on SC783)
  - 20 Noninterest-bearing accounts payable to a holding company or affiliate
  - 99 Other (**Use this code only for those items not identified above.**)

**Do not Include:**

- 1. Escrows; report on SC783 (Escrows);
- 2. Deferred credits classified as contra-assets (e.g., loans in process, deferred loan fees, etc.);
- 3. Yield adjustments on deposits; report on SC715 (Unamortized Yield Adjustments on Deposits);
- 4. Yield adjustments, commitment fees, and issue costs on FHLBank advances and other borrowings; report as part of the borrowings' balance;
- 5. Accrued interest on escrow accounts; report on SC783 (Escrows);
- 6. U.S. Treasury tax and loan accounts administered under the remittance option requiring the remittance of the previous day's balance to a Federal Reserve Bank; report on SC710 (Deposits); and
- 7. Unapplied loan payments received for which the customer's account will be credited as of the date of transfer rather than the date of receipt from the customer; report on SC710 (Deposits).

**SC792, 795, and 798: Amount**

Report the dollar amounts corresponding to the codes reported on SC791, 794, and 797.

**SC70: Total Liabilities**

Report the sum of SC710, SC783, SC715, SC72, and SC75.

**SC799: REDEEMABLE PREFERRED STOCK AND MINORITY INTEREST**

Report items that have characteristics of both liabilities and equity capital and that in accordance with GAAP should not be classified as equity capital.

**Include:**

- 1. Redeemable preferred stock issued by the reporting association;
- 2. Perpetual preferred stock issued by consolidated subsidiaries to third parties constituting minority interest; and

3. Income Capital Certificates issued to FSLIC Resolution Fund for which cash has been received and no FSLIC note remains on the books of the reporting association.

**Do not include:**

1. Redeemable preferred stock issued by consolidated subsidiaries to third parties; report on SC760 (Other Borrowings);
2. Preferred stock (redeemable and perpetual) issued by consolidated subsidiaries to the reporting association or its other subordinate organizations; when consolidating these must be eliminated; and
3. Deferred issuance costs; report on SC690 (Other Assets).

Dividends on items included on this line reduce retained earnings when declared and are reported on SI620 (Dividends Declared: Preferred Stock).

## EQUITY CAPITAL

### Perpetual Preferred Stock:

**Include:**

1. Preferred stock issued by the reporting association that is nonredeemable by the purchaser and that qualifies as equity capital under GAAP;
2. Perpetual preferred stock and permanent income capital certificates (PICCs) issued to FSLIC Resolution Fund (less related outstanding FSLIC notes receivable); and
3. Preferred stock convertible into common stock.

Report preferred stock net of issuance costs, premiums, and discounts. If preferred stock is issued above par value, include the amount paid in excess of par with the par value.

Dividends on perpetual preferred stock reduce retained earnings when declared and are reported on SI620 (Dividends Declared: Preferred Stock).

**Do not include:**

1. Redeemable preferred stock issued by the reporting association; report on SC799 (Redeemable Preferred Stock and Minority Interest);
2. Redeemable preferred stock issued by a consolidated subsidiary; report on SC760 (Other Borrowings);
3. Permanent preferred stock issued by a consolidated subsidiary; report as minority interest on SC799 (Redeemable Preferred Stock and Minority Interest); and
4. Income Capital Certificates (ICCs) issued to FSLIC Resolution Fund; report on SC799 (Redeemable Preferred Stock and Minority Interest).

### SC812: Cumulative

Report permanent preferred stock where the stockholders are entitled to receive unpaid dividends before the payment of dividends on other classes of stock.

### SC814: Noncumulative

Report permanent preferred stock whose dividends do not accumulate if unpaid.

### Common Stock:

#### SC820: Par Value

Report the par value of all outstanding common stock (permanent, reserve, or guaranty stock) issued by the reporting association.

If the par value of common stock issued is less than \$500, report "1" in this data field to indicate that it is not zero, and, if necessary, reduce the amount reported on SC830 by one.

Dividends declared on common stock are a reduction of retained earnings and are reported on SI630 (Dividends Declared: Common Stock).

Stock reacquired by the reporting association (treasury stock) should not be deducted from this line, but should be reported as a negative on SC890 (Other Components of Equity Capital).

### **SC830: Paid in Excess of Par**

**Include:**

1. Amounts paid in excess of par value from the issuance of common stock for cash or nonmonetary assets; and
2. Permanent capital contributions by the stockholders not related to the purchase of stock.

Deduct the costs of issuing common stock.

**Do not include:**

1. Paid-in capital from the issuance of preferred stock; report on SC812 or SC814 (Perpetual Preferred Stock); and
- FSLIC Capital contributions; report as a reduction from goodwill on SC660 (Goodwill and Other Intangible Assets).

### **SC860: Unrealized Gains (Losses) on Available-for-Sale Securities**

Report unrealized gains (losses), net of taxes, for the reporting association and its subordinate organizations on available-for-sale securities and on certain nonsecurity financial instruments (CNFIs) classified as available-for-sale, pursuant to SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities".

Gains and losses reported in this data field are not reported in the Statement of Operations until either the asset is sold, a loss is considered other-than-temporary, or they are amortized in accordance with the following paragraph.

Include the unamortized amount of the unrealized gain or loss at the date of transfer of debt securities transferred from available-for-sale to held-to-maturity category. This gain or loss continues to be reported on this line until it is completely amortized over the remaining life of the security as an adjustment of yield in the same manner as a discount or premium.

Unrealized gains (losses) on securities and CNFIs are not reported as valuation allowances and, therefore, are not included in Schedule VA..

Report this data field as negative when unrealized losses exceed unrealized gains.

Do not include declines in fair value judged to be other-than-temporary. Report such losses in earnings on SO321 (Net Provision for Losses on Interest-Bearing Assets).

### **SC880: Retained Earnings**

Retained earnings are the accumulated net income of the reporting association since inception less distributions to shareholders and amounts transferred to other equity capital accounts.

**Include:**

1. Undistributed income (net income from interim periods of operation prior to closing the reporting association's books);
2. Retained earnings from prior operating periods for which the association's books are closed;
3. Restrictions or appropriations of retained earnings as designated by the reporting association's board of directors; and
4. A deduction for the amount by which liabilities exceed identified assets for savings associations in receivership, because these savings associations may not report goodwill. (Refer to EITF Consensus No 85-41).

**SC890: Other Components of Equity Capital**

Report amounts reported under GAAP as separate components of equity capital. In most cases the amounts in this data field will be reported as negative, as these items typically reduce equity capital.

**Include:**

1. Treasury stock;
2. Unearned employee stock ownership plan (ESOP) shares, when such reporting is required under GAAP, including the AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans;" and
3. Minimum pension liability.

**SC80: Total Equity Capital**

Report the sum of SC812 through SC890.

**SC90: Total Liabilities, Redeemable Preferred Stock, Minority Interest, and Equity Capital**

Report the sum of SC70, SC799 and SC80.





## **SCHEDULE SO — CONSOLIDATED STATEMENT OF OPERATIONS**

Schedule SO is completed on a consolidated basis. Report net income or loss allocable to minority shareholders on SO491 (Other Noninterest Income).

Income and expense are to be reported only for the quarter ending on the report date, regardless of the reporting association's fiscal year end. No data in Schedule SO should be year-to-date. Note that the accrual basis of accounting is required by GAAP.

Schedule SO should reflect all items of income and expense for the reporting association and its consolidated subsidiaries). Prior-period adjustments should be included along with current activity on the appropriate data field(s) in this report. Generally, amendments may be filed only within 55 days of the report date or when required by the OTS. Audit adjustments for prior periods included in the current report pertaining to data fields that are reported on a net basis (*i.e.*, SO321, SO410, SO430 through SO485, SO570, SO710, and SO720) should be reported on the appropriate data field. All other adjustments should be reported as Other Noninterest Income (SO491) or Other Noninterest Expense (SO580) to avoid having distorted yields or negative numbers in fields that do not permit negatives. Generally, audit adjustments should not be reported as an adjustment of retained earnings.

### **INTEREST INCOME:**

#### **SO11: Total**

Report the sum of SO110 through SO180.

#### **SO110: Deposits and Investment Securities**

Report interest and dividends earned on deposits and investment securities reported on SC110 through SC185.

##### **Include:**

1. The gross income earned on all deposits and investment securities including those used as collateral under reverse repurchase agreements; and

2. The net amount of yield adjustments to interest and dividend income on deposits and investment securities.

**Do not include:**

1. Interest or dividends on assets reported on SC690 (Other Assets) (e.g., accounts receivable and FHLBank stock); report on SO491 (Other Noninterest Income);
2. Amortization of deferred gains and losses on futures and options positions hedging deposits and investment securities; report on SO180 (Amortization of Deferred Gains (Losses) on Asset Hedges);
3. Uncollected interest recorded solely to track interest due after a loan has been placed in nonaccrual status; report the interest net of the expense; and
4. Adjustments to reverse uncollected interest accrued in prior periods; report on SO321 (Net Provision for Losses On Interest-Bearing Assets).

## SO120: Mortgage Pool Securities

Report interest earned on mortgage pool securities reported on SC210 and SC215 (Mortgage Pool Securities) including amortization of premiums and discounts.

**Do not include:**

1. Amortization of deferred gains and deferred losses on futures and options positions hedging mortgage pool securities; report these yield adjustments on SO180 (Amortization of Deferred Gains (Losses) on Asset Hedges);
2. Interest accruals if collection was not probable at the time of accrual; securities on which the collection of interest is not probable must be placed in a nonaccrual status; and
3. Adjustments to reverse uncollected interest accrued in prior periods; report on SO321 (Net Provision for Losses On Interest-Bearing Assets).

## SO140: Mortgage Loans

Report interest earned on mortgage loans reported on SC230 through SC265 including amortization of yield adjustments. If the reporting association or its consolidated subsidiaries has bought or sold a participating interest in mortgage loans, report only the interest applicable to the portion of the loans owned. If mortgage loans or participating interests in mortgage loans have been purchased on a net-yield basis, report the net interest earned.

If the reporting association or its consolidated subsidiaries assumes a liability to a third party in connection with a wrap-around mortgage loan where the assumed liability is reported on SC760 (Other Borrowings), report the gross interest income and charge the interest incurred on the assumed liability to expense on SO260 (Interest Expense: Other Borrowed Money).

**Do not include:**

1. Amortization of deferred gains and deferred losses on futures and options positions hedging mortgage loans; report on SO180 (Amortization of Deferred Gains (Losses) on Asset Hedges);
2. Interest accruals if collection was not probable at the time of accrual; loans on which the collection of interest is not probable must be placed in a nonaccrual status; and
3. Adjustments to reverse uncollected interest accrued in prior periods; report on SO321 (Net Provision for Losses On Interest-Bearing Assets).

## **Nonmortgage Loans:**

Report the contractual interest earned and the net yield adjustments on nonmortgage loans.

### **Do not Include:**

1. Amortization of deferred gains and deferred losses on futures and options positions hedging nonmortgage loans; report on SO180 (Amortization of Deferred Gains (Losses) on Asset Hedges);
2. Interest accruals if collection was not probable at the time of accrual; loans on which the collection of interest is not probable must be placed in a nonaccrual status; and
3. Adjustments to reverse uncollected interest accrued in prior periods; report on SO321 (Net Provision for Losses On Interest-Bearing Assets).

## **SO160: Commercial Loans and Leases**

Report the net interest earned (including any yield adjustments) on commercial nonmortgage loans reported on SC300 through SC306 (Secured and Unsecured Commercial Loans and Financing Leases).

## **SO170: Consumer Loans and Leases**

Report the net interest earned (including any yield adjustments, *e.g.*, the amortization of credit card fees) on nonmortgage loans reported on SC310 through SC345 (Consumer Loans: Open and Closed-End).

## **SO180: Amortization of Deferred Gains (Losses) on Asset Hedges**

Report the amortization of deferred gains and losses from the purchase or sale of futures and options contracts matched with, or hedging, assets, if accounted for as a hedge.

## **INTEREST EXPENSE:**

### **SO21: Total**

Report the sum of SO215, SO266, SO230 through SO260, SO280, and SO290, less SO271.

### **SO215: Deposits**

Report all interest expense on deposits reported on SC710 (Deposits) and the amortization of yield adjustments reported on SC715 (Unamortized Yield Adjustments) net of penalties charged to depositors for early withdrawals.

### **Do not include:**

Interest on escrow accounts reported on SC783 (Escrows); report on SO266 (Interest on Escrows).

**SO266: Escrows**

Report interest paid on all escrow accounts reported on SC783 (Escrows).

**SO230: Advances from FHLBank**

Report interest expense and the amortization of any related yield adjustments on FHLBank advances reported on SC720 (Advances from FHLBank).

**Do not include:**

Prepayment penalties on advances; report on SO811 (Extraordinary Items) in accordance with SFAS No. 76, "Extinguishment of Debt."

**SO240: Subordinated Debentures (Including Mandatory Convertible Securities)**

Report interest expense and the amortization of yield adjustments on all subordinated debentures and mandatory convertible securities issued by the reporting association or its consolidated subsidiaries, reported on SC735 (Subordinated Debentures (Including Mandatory Convertible Securities)).

**Include:**

1. The amortization of issuance costs, premiums, and discounts; and
2. A deduction for interest earned on FSLIC notes related to subordinated debt issued to FSLIC Resolution Fund.

**SO250: Mortgage Collateralized Securities Issued**

Report interest expense and amortization of yield adjustments on all mortgage collateralized securities issued by the reporting association or its consolidated subsidiaries, reported on SC740 and SC745 (Mortgage Collateralized Securities).

**SO260: Other Borrowed Money**

Report interest expense and amortization of yield adjustments on borrowings not included above.

**Include interest on:**

1. SC730 (Reverse Repurchase Agreements); and
2. SC760 (Other Borrowings).

Interest expense on reverse repurchase agreements and loans sold with recourse accounted for as financings should be reported gross (*i.e.*, the amount reported should not be reduced by the interest income on securities and loans sold under such agreements).

**Other Items:****SO271: Capitalized Interest**

Report all capitalized interest costs in accordance with SFAS No. 34, "Capitalization of Interest Costs." The interest rate utilized shall not exceed the weighted average rate for total interest-bearing deposits and other liabilities. Capitalized interest is deducted from interest expense. Report this as a positive number even though it will always be a credit balance.

**SO280: Amortization of Deferred Losses (Gains) on Liability Hedges**

Report amortization of deferred losses (gains) from the purchase or sale of futures and options contracts matched with liabilities, if accounted for as a hedge.

**SO290: Net Cost of Matched Interest Rate Swaps**

Report the net loss (gain) on off-balance-sheet hedging such as matched interest-rate swaps (interest-rate swaps hedging liabilities). The net cost of interest-rate swaps is measured by the difference in swapped interest expense. If income is earned, indicate the amount as negative.

Unmatched swaps are reported at fair value. Report adjustments to mark unmatched swaps to fair value on SO485 (Net Income (Loss) from: Trading Assets (Realized and Unrealized)).

**SO311: NET INTEREST INCOME (EXPENSE) BEFORE PROVISION  
FOR LOSSES ON INTEREST-BEARING ASSETS**

Report SO11 less SO21.

**SO321: NET PROVISION FOR LOSSES ON INTEREST-BEARING  
ASSETS**

Report the provision for losses on all interest-bearing assets. Report credit balances as negative.

Refer to the general instructions for Schedule VA for a discussion of the proper calculation of provision for losses.

Adjustments to valuation allowances should be reported as an expense in the period in which the reporting association determined the amount of the loss even if that loss actually occurred in a prior period, that is, adjustments to valuation allowances should not be reported as prior period expenses.

**Include:**

Losses recognized in marking loans to fair value at the time of foreclosure or in-substance foreclosure.

**Do not include:**

1. Adjustments to available-for-sale securities for unrealized gains or losses in accordance with SFAS No. 115; report directly on SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities);
2. Adjustments to trading assets; report on SO485 (Net Income (Loss) from: Trading Assets (Realized and Unrealized));
3. Recoveries of valuation allowances at the time of sale; include these in the gain or loss; and
4. Provisions for losses on noninterest-bearing assets; report on SO570 (Net Provision for Losses on Noninterest-bearing Assets).

**SO331: NET INTEREST INCOME (EXPENSE) AFTER PROVISION FOR LOSSES ON INTEREST-BEARING ASSETS**

Report SO311 less SO321.

**NONINTEREST INCOME:****SO40: Total**

Report the sum of SO410 through SO491.

**SO410: Mortgage Loan Servicing Fees****Include:**

1. Fees earned from servicing mortgage loans and participations for others; and
2. A deduction for amortization and write-downs of Servicing Assets reported on SC642.

**Do not include:**

Servicing fees for nonmortgage loans; report on SO420 (Other Fees and Charges).

Report the difference between the net interest retained from mortgage loan servicing and the amortization or other write-down of Mortgage Servicing Assets. Do not deduct servicing expenses.

**SO420: Other Fees and Charges**

Report all fees and charges not reported on SO410.

**Include:**

1. Loan servicing fee income on nonmortgage loans, including credit card servicing income;
2. Trust fee income;
3. Loan charges such as: prepayment fees; late charges; and assumption fees;

4. Amortization of commitment fees when the likelihood is remote that the commitment will be exercised;
5. Transaction account fees; and
6. All other fees not reported on SO410.

**Do not include:**

Amortization of loan fees; report as a yield adjustment to interest income.

**Net Income (Loss) from:**

Report net income (loss) on the following categories. Do not allocate personnel and general administrative expenses.

**SO430: Sale of Assets Held for Sale and Available-for-Sale Securities****Include:**

1. The profit or loss from the disposition of assets held for sale; and
2. The profit or loss from the disposition of available-for-sale securities pursuant to SFAS No. 115.

When securities classified as available-for-sale pursuant to SFAS No. 115 are sold, SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities) is reversed for the amount of the unrealized gain or loss previously recorded and the entire difference between amortized cost and net sales proceeds is reported in earnings.

Because the lower-of-cost-or-market adjustments to assets held for sale are recognized in income as they occur, the amount recognized at the time of sale is the difference between recorded value and net sales proceeds.

**Do not include:**

1. Gains or losses on trading assets; report on SO485; and
2. Lower-of-cost-or-market adjustments to assets held for sale; report on SO465.

**SO461: Operations and Sale of Repossessed Assets****Include:**

1. Net income (loss) from repossessed assets reported on SC40 (Repossessed Assets); report direct expenses on repossessed assets, even if there is no income; and
2. Gains (losses) from the sale of repossessed assets reported on SC40 (Repossessed Assets).

**Do not include:**

1. Adjustments to valuation allowances established on REO; report on SO570 (Net Provision for Losses on Noninterest-Bearing Assets); and
2. Write-downs taken when marking foreclosed assets to fair value at time of foreclosure; report on SO321 (Net Provision for Losses on Interest-bearing Assets).



**SO465: LOCOM Adjustments Made to Assets Held for Sale**

Report adjustments to assets held for sale to value them at the lower-of-cost-or-market. The amount reported here is also included on VA120 (Net Provision for Loss).

**Do not include:**

1. Any unrealized gains or losses on available-for-sale securities recorded pursuant to SFAS No. 115; report only as a separate component of equity capital on SC860;
2. Profit (loss) on the sale of assets held for sale; report on SO430; and
3. Operating income and expense from mortgage banking activities; report in the appropriate income or expense category.

**SO467: Sale of Securities Held-to-Maturity****Include:**

1. Gains (losses) from the sale of mortgage pool securities reported on SC210 and SC215 (Mortgage Pool Securities) that were held-to-maturity; and
2. Gains (losses) from the sale of securities reported on SC130 through SC185 (Cash, Deposits and Investment Securities) that were held-to-maturity.

**Do not include:**

1. Gains (losses) from the sale of securities held in a trading portfolio; report on SO485; and
2. Gains (losses) from the sale of available-for-sale securities; report on SO430.

When computing the gain on sale of securities adjust the carrying value of investments for all yield adjustments, including deferred gains and losses from hedging activities, accrued interest receivable, and valuation allowances.

**SO475: Sale of Loans Held for Investment**

Report gains (losses) from the sale of mortgage and nonmortgage loans reported on SC230 through SC265 and SC300 through SC345.

**Do not include:**

1. Gains (losses) from the sale of loans and securities in a trading portfolio; report on SO485;
2. Gains (losses) from the sale of loans held for sale; report on SO430; and
3. Recoveries of losses previously written off; report on VA140 (Recoveries).

When computing the gain on sale of loans adjust the carrying value for all yield adjustments (including loan fees and deferred gains and losses from hedging activities), accrued interest receivable, and valuation allowances.

**SO477: Sale of Other Assets Held for Investment**

Report gains (losses) from the sale of any assets not reported on SO430 through SO475 or SO485.

**Include:**

1. Gains (losses) from the sale of real estate held for investment reported on SC45 (Real Estate Held for Investment) that may be accounted for as current income in accordance with SFAS No. 66, "Accounting for Sales of Real Estate;
2. Gains (losses) from the sale of a branch operation or a portion thereof, such as deposits;
3. Gains (losses) from the sale of loan servicing rights when sold separately from the loan, unless the loan is held in portfolio; and
4. Gains (losses) from the sale of subsidiaries.

**SO485: Trading Assets (Realized and Unrealized)****Include:**

1. Realized gains (losses) on trading assets;
2. Changes in unrealized gains (losses) on trading assets;
3. Current-period net income (loss) from options contracts that are not accounted for as yield adjustments; include the amortization of "time value" from short positions and market gains in the immediate exercise value ("intrinsic value") of options positions that are either unmatched or matched with assets or liabilities reported at fair value;
4. Changes in unrealized gains (losses) on options positions if the forward-commitment position hedged by the option is terminated or will not occur;
5. Changes in unrealized gains (losses) on futures positions, interest rate swaps, caps and collars that are either unmatched or matched with assets or liabilities reported at fair value; and
6. Changes in unrealized gains (losses) on futures transactions that can no longer be accounted for as hedges under GAAP.

**SO491: Other Noninterest Income**

Report the total of all noninterest income not included on SO410 through SO485. A list of the types of income to be included can be found in the memo items detailing other noninterest income below.

**Do not include:**

1. Loan servicing fees; report on SO410 or SO420, as appropriate;
2. Trust fee income, report on SO420; and
3. Other fees, report on SO420.

**Memo: Detail of Other Noninterest Income****SO493, 494: *FHLBank Dividends***

These data fields are reserved for cash and stock dividends on FHLBank stock. The code in SO493 will always be code 01, which represents FHLBank dividends, and the amount in SO494 will always represent the amount of FHLBank dividends included in SO491.

**SO495, 497 and SO496 and 498**

Report the two largest items comprising the amount reported on SO491, excluding dividends on FHLBank stock. Codes best describing these items should be selected from the list below and reported on SO495, and 497. This detail must be completed if an amount is reported on SO491.

Because SO491 can be made up of both positive and negative amounts (e.g., net income (loss) from leasing operations), the two items which have the greatest impact on the total, regardless of their sign, should be reported. Therefore, in selecting the two largest items comprising the amount reported on SO491, disregard the sign of the number. Although the sign should be disregarded in the selection of the two largest items; the amount should be reported with the correct sign.

**SO495 and 497: Codes**

- 02 Interest income from income tax refunds
- 03 Interest income from margin accounts
- 04 Net income (loss) from leasing or subleasing space in the association's office quarters, future office quarters, and parking lots
- 05 Net income (loss) from real estate held for investment
- 06 Net income (loss) from investments in unconsolidated subordinate organizations, accounted for using the equity method, after the elimination of intercompany profits
- 07 Net income (loss) from leased property
- 08 Net income (loss) allocable to minority shareholders
- 09 Net income from data processing equipment leased or services provided to others
- 10 Dividends from subordinate organizations reported on SC50 and accounted for by the cost method
- 11 Adjustments to prior periods
- 12 Income received on real estate acquired through foreclosure or deed in lieu of foreclosure on VA or FHA loans pending conveyance to the insuring agency
- 13 Amortization of negative goodwill reported on SC796
- 99 Other (**Use this code only for those items not identified above.**)

**SO496 and 498: Amounts**

Report the dollar amounts corresponding to the codes reported on SO495 and 497.

**NONINTEREST EXPENSE:****SO51: Total**

Report the sum of SO510 through SO580.

**SO510: All Personnel Compensation and Expense**

Report gross salaries, wages, bonuses, and other compensation and expenses of officers, directors and employees, whether employed full- or part-time.

**Include:**

1. The cost of temporary help and employment contractors;
2. Fringe benefits such as the employer's share of payroll taxes, insurance premiums, lunchroom expenses, tuition fees, uniforms, etc.;
3. Employer contributions to pension and retirement funds and ESOP plans;
4. Pensions paid directly by the reporting association;
5. Lump-sum pension contributions;
6. Payments related to past services, such as severance pay;
7. Directors' fees; and
8. Travel and other expenses for directors, officers, and employees.

**Do not include:**

Allowances for privately owned automobiles used in connection with the reporting association's business, or any depreciation and other noninterest expense on leased automobiles; report on SO530.

**SO520: Legal Expense**

Report all legal fees.

**SO530: Office Occupancy and Equipment Expense****Include:**

1. Depreciation and other expenses of association-owned space, capital leases, furniture and fixtures, automobiles and equipment reported on SC55 (Office Premises and Equipment);
2. Amortization of leasehold improvements;
3. Rent, net of the amortization of deferred gain on a sale/leaseback;
4. Uncapitalized equipment purchases;
5. Taxes, assessments, and insurance premiums on office premises, equipment, and land for future use;
6. Rental costs, maintenance contracts, and expenses on office furniture, machines, and data processing equipment; and
7. Accounting servicing fees paid to a data center.

If a portion of office premises and equipment is leased to others, allocate related expenses to SO491 (Other Noninterest Income). When actual data are not available, a reasonable, consistent, and documented estimate is acceptable.

**SO540: Marketing and Other Professional Services****Include:**

1. Advertising, production, agency fees, and direct mail;
2. Marketing research, including consultants;

3. Public relations, including consultants, seminars, or customer magazines;
4. Sales training by consultants;
5. Public accountants' fees;
6. Management services;
7. Consulting fees for economic surveys; and
8. Other special advisory services.

**Do not include:**

1. Legal fees; report on SO520;
2. Data processing fees; report on SO530;
3. Supervisory examination fees; report on SO580; and
4. Deposit promotions, giveaways, premiums, and commissions that are capitalized; report amortization on SO215 (Interest Expense: Deposits).

## **SO550: Loan Servicing Fees**

Report fees paid to others to service mortgage and nonmortgage loans owned by the reporting association and its consolidated subsidiaries.

**Do not include:**

1. Amortization of purchased loan servicing rights; deduct from SO410 (Mortgage Loan Servicing Fee Income); and
2. Servicing fees for loans acquired on a net yield basis; deduct from related interest income.

## **SO560: Amortization of Goodwill**

Report amortization of SC660 (Goodwill and Other Intangible Assets).

**Include:**

1. Amortization of goodwill;
2. Amortization of core deposit premiums and other intangibles; and
3. Write-downs of goodwill and other intangible assets.

**Do not include:**

Amortization of loan servicing assets; deduct from SO410 (Mortgage Loan Servicing Fee Income).

## **SO570: Net Provision for Losses on Noninterest-bearing Assets**

Report the provision for losses on all noninterest-bearing assets. Report credit balances as negative.

Refer to the general instructions for Schedule VA for a discussion of the proper calculation of provision for losses. Adjustments to valuation allowances should be reported as an expense in the period in which the reporting association determined the amount of the loss even if that loss actually occurred in a prior period, that is, adjustments to valuation allowances should not be reported as prior period expenses.

**Include adjustments to valuation allowances on:**

1. Real estate owned;
2. Real estate held for investment;
3. Subordinate organizations; and
4. Other assets.

**Do not include:**

1. Recoveries of valuation allowances at the time of sale; include these in the gain or loss;
2. Provisions for losses on interest-bearing assets; report on SO321 (Net Provision for Losses on Interest-bearing Assets);
3. Direct charge-offs of servicing assets; report on SO410 (Mortgage Loan Servicing Fees); and
4. Losses recognized in marking foreclosed assets to fair value at the time of foreclosure or in-substance foreclosure; report these as losses on loans on SO321 (Net Provision for Losses on Interest-bearing Assets).

**SO580: Other Noninterest Expense**

Report the total of all noninterest expense not included on SO510 through SO570. A list of the types of expense to be included can be found in the memo items detailing other noninterest expense below.

**Memo: Detail of Other Noninterest Expense**

Report the three largest items comprising the amount reported on SO580. Codes best describing these items should be selected from the list below and reported on SO581, 583, and 585; the corresponding amounts are reported on SO582, 584, and 586. This detail must be completed if an amount is reported on SO580.

**SO581, 583, and 585: Codes**

- 01 Deposit Insurance premiums
- 02 OTS assessments
- 03 Interest expense on income taxes
- 04 Interest expense on Treasury tax and loan accounts administered under the note option
- 05 Forfeited commitment fees on FHLBank advances not taken down by the association
- 06 Supervisory examination fees
- 07 Office supplies, printing, and postage
- 08 Telephone, including data lines
- 09 Noncapitalized loan origination expenses, including appraisal reports, credit reports, etc.
- 10 ATM expense
- 11 Adjustments to prior periods
- 12 Acquisition costs, including mergers and branch office acquisitions
- 13 Miscellaneous taxes other than income taxes and real estate taxes

- 14 Losses from fraud
- 99 Other (**Use this code only for those items not identified above.**)

**SO582, 584 and 586:      Amounts**

Report the dollar amounts corresponding to the codes reported on SO581, 583 and 585.

**SO60: INCOME (LOSS) BEFORE INCOME TAXES**

Report the sum of SO331 plus SO40 less SO51.

**INCOME TAXES:****SO71: Total**

Report the sum of SO710 and SO720.

**SO710: Federal**

Report federal income tax expense. Report a net credit as negative.

**Include:**

1. Deficiency (penalty) payments;
2. Adjustments to correct prior period accruals for which the amendment cycle is no longer open;
3. Amortization of prepaid or deferred federal income taxes;
4. Reductions for refunds from prior periods not previously reported; and
5. Reductions for NOL carrybacks.

**Do not include:**

Interest income and expense on tax accounts; report on SO491 (Other Noninterest Income) or SO580 (Other Noninterest Expense).

**SO720: State, Local, and Other**

Report state, local and other income tax expenses. Report a net credit as negative.

**Include:**

1. Deficiency (penalty) payments;
2. Adjustments to correct prior period accruals for which the amendment cycle is no longer open;
3. Amortization of prepaid or deferred state, local and other income taxes;
4. Reductions for refunds from prior periods not previously reported;

5. Reductions for NOL carrybacks; and
6. Gross receipts taxes.

**Do not include:**

1. Interest income and expense on tax accounts; report on SO491 (Other Noninterest Income) or SO580 (Other Noninterest Expense); and
2. Any local taxes other than those based on income; report real estate taxes on SO530 (Office Occupancy and Equipment Expense); report franchise and other local taxes on SO580 (Other Noninterest Expense).

## **SO81: INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND EFFECTS OF ACCOUNTING CHANGES**

Report the sum of SO60 less SO71.

## **SO811: EXTRAORDINARY ITEMS, NET OF TAX EFFECT, AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES**

**Extraordinary Items:**

Extraordinary items are material events and transactions that are unusual and infrequent. Both of these conditions must exist for an event or transaction to be an extraordinary item.

To be unusual, an event or transaction must be highly abnormal or clearly unrelated to the ordinary and typical activities of the association. An event or transaction beyond the control of management is not automatically considered unusual.

To be infrequent, an event or transaction should not reasonably be expected to recur in the foreseeable future. Although the past occurrence of an event or transaction provides a basis for estimating the likelihood of its future occurrence, the absence of a past occurrence does not automatically imply that an event or transaction is infrequent.

Rarely do events or transactions qualify for treatment as extraordinary items. Among these are losses which result directly from a major disaster such as an earthquake (except in areas where earthquakes are expected to recur in the foreseeable future), a government expropriation, or a prohibition under a newly enacted law or regulation.

**Include:**

1. The tax benefit of preacquisition NOL carryforwards realized in a period subsequent to the loss period (refer to SFAS No. 16, "Prior Period Adjustments");
2. Prepayment fees and most other gains or losses on the extinguishment of debt (refer to SFAS No. 76, "Extinguishment of Debt"); and
3. Gains on restructuring payables (refer to SFAS No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructuring").



**Do not include:**

1. Adjustments to valuation allowances; report on SO321 (Net Provision for Losses on Interest-Bearing Assets) or SO570 (Net Provision for Losses on Noninterest-Bearing Assets), even if the actual loss occurred in a prior period;
2. Audit adjustments for corrections of accruals; report in the current period on the same data field in Schedule SO that they would have been reported had the accruals been made when incurred. If this causes interest yield or cost of funds to be significantly distorted or causes the amount reported to be negative on a data field that can only contain a positive number, report the adjustment on SO491 (Other Noninterest Income) or SO580 (Other Noninterest Expense);
3. Adjustments for periods for which the cycle is open for amendments to the TFR; refer to the general instructions for the submission of amended reports;
4. Adjustments related to prior interim periods of the reporting association's current fiscal year; report currently in the appropriate income or expense data field (*e.g.*, tax adjustments, reported on SO710 or SO720); and
5. Net income (loss) allocable to minority shareholders; report on SO491 (Other Noninterest Income).

**Cumulative Effect of Changes in Accounting Principles:**

The cumulative effect of changes in accounting principles is the changing from one accepted accounting principle to another accepted accounting principle. It does not include the cumulative effect of changing from an unaccepted accounting principle to a generally accepted accounting principle. This type of change is reported currently in the appropriate income or expense data field, with the exception of adjustments to convert from RAP to GAAP for deferred losses and liquid asset mutual funds, which are reported on SI670 (Other Adjustments).

Report a loss as a negative amount.

**SO91: NET INCOME (LOSS)**

Report the sum of SO81 plus SO811.

## SCHEDULE VA — CONSOLIDATED VALUATION ALLOWANCES

### GENERAL INSTRUCTIONS

This schedule reports the combined activity for the period in all valuation allowance accounts. The reconciliation consists of three columns:

1. General valuation allowances (including allowances for loan and lease losses (ALLL));
2. Specific valuation allowances (including valuation allowances established for assets classified as loss); and
3. Total valuation allowances (this column is computer generated).

Valuation allowances are contra-asset accounts that reduce the recorded investment in an asset to its carrying amount. In preparing financial statements, management should review the carrying amount of all assets and adjust the related valuation allowance as necessary. This process, assessing the adequacy of valuation allowances, is crucial to the financial statement preparation process.

Valuation allowances are balance sheet accounts. As such, the ending balance in the account is the balance at the beginning of the period adjusted for the activity during the period. The following table shows the types of activity that flow through the valuation allowance account:

Beginning Balance (ending balance from previous period)

Add:

Provision for Loss

Recoveries

Acquisitions

Deduct:

Charge-offs

Ending Balance

## Charge-offs

As assets are charged off, the accounting entries are to reduce the total recorded investment and reduce the valuation allowance. Charge-offs are recorded in this reconciliation even if an asset is charged off as loss and no valuation allowance was previously established related to that asset (*i.e.*, a direct charge-off), or if the valuation allowance previously established is inadequate to absorb the entire charge-off. A charge-off may be made against either a general or specific valuation allowance.

See the discussion under “Sales” of the elimination of valuation allowances upon the sale of the related asset.

## Recoveries

A recovery is defined as a subsequent payment received on an asset previously charged off. In the event that a subsequent recovery is accomplished for assets previously charged off, the general valuation allowance account should be increased and cash is also increased.

Recoveries as defined for purposes of Schedule VA do not include profits from the sale of assets previously written down at a sales price exceeding the carrying value (*e.g.*, the sale of REO at a price above its carrying value). These are reported as gains on the sale of the asset.

## Provision for Loss

The provision for loss should be the amount required to establish the appropriate ending balance in the valuation allowance account. The amount of the ending balance is based on management review, which includes an assessment of all assets, valuation calculations for troubled real estate assets, estimates of credit and other losses inherent in the portfolios of homogeneous assets, as well as the results of the association's self-classification of assets.

The formula for calculating the required provision for loss is:

- + The valuation allowance ending balance per analysis (VA165 and 168);
- The valuation allowance beginning balance (VA105 and 108);

= Net change in valuation allowances

- + Charge-offs (VA155 and 158)
- Acquisitions (VA145 and 148)
- Recoveries (VA135)

= Required provision for loss (VA115 and 118)

Note that this process of determining by analysis the appropriateness of ending balances in valuation allowance accounts means that the provision for loss is a “net” adjustment. For example, in the rare but possible circumstance in which the value increases for a troubled real estate asset for which a valuation allowance had been established, the required valuation allowance will decrease. This “recovery” of the value of the asset is a reduction of the current provision and should not be confused with recoveries of assets previously charged-off (discussed above), nor should a gain (or a reduction of the provision for loss) be recorded until an analysis of the total valuation allowance is made.

The provision for loss consists of the provision for loss on interest-bearing assets (SO321) and the provision for loss on noninterest-bearing assets (SO570), less the LOCOM adjustments for assets held for sale (SO465).

If the provision for loss is negative (a rare but mathematically possible occurrence), then the balance in the valuation allowance exceeded the appropriate ending balance. At this point, management must determine if its analyses have considered all possible situations, and whether the previously established valuation account was in fact higher than required.

Rather than reverse a portion of the valuation allowance, management may determine to leave the valuation allowance at the higher amount, which is a more conservative approach. To reverse a portion of the valuation allowance, a negative amount is reported in the provision for loss (SO321 or SO570).

## **Sales**

When an asset is sold, for which a specific valuation allowance was previously established or which was previously reduced by a direct charge-off, the difference between the carrying value of the asset (*i.e.*, net of the specific valuation allowance) and the sales price should be reported as a gain or loss on sale of that asset.

The sale of an asset in excess of its carrying value does not constitute a recovery for purposes of reconciling valuation allowances, since any such profit is not reported in the net provision for loss, but is reported as a gain on sale.

In order to remove an existing specific valuation allowance upon the sale of the related asset, the valuation allowance must be reported on VA158 (Charge-offs of Specific Valuation Allowances).

## **Foreclosures**

At foreclosure (including in-substance) a comparison must be made of the recorded investment (*i.e.*, carrying value before deduction for valuation allowances) to the current fair value less cost to sell. Any excess of recorded investment over fair value less cost to sell is to be classified "Loss" and is to be charged-off against the existing specific valuation allowance, or if the specific valuation allowance is not sufficient to absorb the loss, an additional charge-off must be made against the loan. Assets acquired through in-substance foreclosures are reported as REO at the fair value less cost to sell established at date of transfer. The same procedures described above apply.

# **VALUATION ALLOWANCE RECONCILIATION**

## **VA105, 108, and 110: Beginning Balance**

Report the valuation allowance balances as of the beginning of the period. These data fields will be automatically generated from the ending balances of the preceding reporting period by the electronic filing software. These data fields must equal the amounts reported on VA165, 168 and 170 of the immediately preceding reporting period for all associations except those involved in a merger accounted for as a pooling.

### **Special instructions for mergers:**

#### **Pooling mergers**

Report the combined beginning balance of the merged associations.

**Purchase mergers**

Report the beginning balance of the surviving association only. When assets are recorded at fair value in applying the purchase method, typically all valuation allowances are written off directly against the asset. However, under certain circumstances valuation allowances (primarily general valuation allowances) may be carried over to the surviving association; these valuation allowances on assets purchased are reported on VA145, 148, and 150 (Acquisitions).

**Add or Deduct:**

Report increases in valuation allowance accounts (*i.e.*, net credits) as positive numbers and decreases in valuation allowance accounts (*i.e.*, net debits) as negative numbers.

**VA115, 118, and 120: Net Provision for Loss**

Report the sum of provisions for losses on assets in the Statement of Operations, SO321 and SO570, less LOCOM adjustments made to assets held for sale, SO465, allocated between general and specific valuation allowances. The total net provision for loss, VA120, will be automatically generated from SO321, SO570 and SO465

A net credit to assets increases valuation allowances, flows through to the Statement of Operations as a debit (expense), and is reported as a positive number in this schedule. Conversely, a net debit to assets decreases valuation allowances, flows through to the Statement of Operations as a credit (income), and is reported as a negative number in this schedule.

**VA125 and 128: Transfers**

Report transfers between general and specific valuation allowances. VA125 and VA128 will always be equal, but will have opposite signs. Once VA125 is entered, VA128 will be automatically generated by the electronic filing software.

**Add:****VA135 and 140: Recoveries**

Report the amount of recoveries during the quarter due to repayment of assets previously charged off. Refer to the discussion of recoveries in the general instructions above. VA135 always equals VA140 which equals the sum of VA31, 381, 41, 51, 821, and 931. Therefore, VA135 and 140 are automatically generated by the electronic filing software once VA31, 381, 41, 51, 821 and 931 are entered.

**VA145, 148, and 150: Acquisitions**

Report the amount of valuation allowances on assets purchased for which a direct charge-off was not taken. Under certain circumstances the valuation allowances previously established by the seller may be carried forward to the purchasers' records. Include valuation allowances acquired in a business combination accounted for under the purchase method.

**Do not include:**

1. Additional valuation allowances established after an acquisition, even if the valuation allowances should have been established by previous management; report all such additions in VA120 (Net Provision for Loss); and
2. Valuation allowances acquired in a pooling merger; these are added to the beginning balances.

**Deduct:****VA155, 158 and 160: Charge-Offs**

Report the amount of loss charged off assets during the quarter. VA155 (charge-offs against general valuation allowances) plus VA158 (charge-offs against specific valuation allowances) equals VA160 (total charge-offs). VA155 equals the sum of the detail below (VA30, 380, 40, 50, 60, 70, 820, and 930), and, therefore, can be automatically generated by the electronic filing software once VA30, 380, 40, 50, 60, 70 820 and 930 are entered.

Report charge-offs as positive amounts, as they will be deducted in this reconciliation.

Charge-offs for which no specific valuation allowance had previously been established are reported on VA155 and in the detail below. Charge-offs of specific valuation allowances are reported on VA158 and are not reported in the detail below.

Include charge-offs to mark repossessed assets (including in-substance foreclosures) to fair value.

**Do not include:**

1. Charge-offs due to recognizing unrealized losses on trading assets; or
2. Charge-offs in connection with a business combination accounted for as a purchase.

**VA165, 168 and 170: Ending Balance**

Report the sum of the General, Specific, and Total columns. VA165 must equal the sum of the general valuation allowances reported in Schedule SC (SC199, SC227, SC283, SC357, SC441, SC481, SC529 and SC699). These balances are brought forward as the beginning balances for the next reporting period.

**CHARGE-OFFS, RECOVERIES, AND SPECIFIC VALUATION ALLOWANCE ACTIVITY****CHARGE-OFFS**

In the charge-off column report the amount of loss charged off during the quarter against general valuation allowances, *i.e.*, charge-offs for which no specific valuation allowance had previously been established.

The sum of VA30, 380, 40, 50, 60, 70, 820, and 930 must equal VA155.

**VA30: Deposits, and Investment Securities**

Report the amount of loss charged off on all deposits and investment securities reported on SC110 through SC190.

**VA380: Mortgage Pool Securities**

Report the amount of loss charged-off on SC210 through SC215 (Mortgage Pool Securities).

**Mortgage Loans:**

Report charge-offs of mortgage loans in the appropriate mortgage loan category below. Charge-offs of accrued interest receivable and advances for taxes and insurance should be reported in the mortgage loan category of the related loan.

Include charge-offs to mark repossessed assets to fair value at the date of foreclosure.

**VA40: Total**

Report the sum of VA420, 430, 440, 450, 460, 470, 480, and 490.

**Construction:****VA420: 1-4 Dwelling Units**

Report the amount of loss charged off on SC230 (Construction Loans on: 1-4 Dwelling Units).

**VA430: 5 or More Dwelling Units**

Report the amount of loss charged off on SC235 (Construction Loans on: 5 or More Dwelling Units).

**VA440: Nonresidential Property**

Report the amount of loss charged off on SC240 (Construction Loans on: Nonresidential Property).

**Permanent:****VA450: 1-4 Closed-End First Mortgages and Junior Liens**

Report the amount of loss charged off on SC250 (Permanent Mortgages on: Closed-End First Mortgages and Junior Liens).

**VA460: 1-4 Revolving, Open-End Loans**

Report the amount of loss charged off on SC253 (Permanent Mortgages on: Revolving, Open-End Loans).

**VA470: 5 or More Dwelling Units**

Report the amount of loss charged off on SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

**VA480: Nonresidential Property (Except Land)**

Report the amount of loss charged off on SC260 (Permanent Mortgages on: Nonresidential Property).

**VA490: Land**

Report the amount of loss charged off on SC265 (Permanent Mortgages on: Land).

**Nonmortgage Loans**

Report charge-offs of nonmortgage loans in the appropriate loan category below. Charge-offs of accrued interest receivable should be reported in the relevant loan category.

**VA50: Total**

Report the sum of VA520, 530, 540, 550, 560, 570, and 580.

**VA520: Commercial**

Report the amount of loss charged off on SC300 (Commercial Loans: Secured Other than Mortgage), SC303 (Commercial Loans: Unsecured), and SC306 (Commercial Loans: Financing Leases).

**Consumer (Closed-End):****VA510: Loans on Deposits**

Report the amount of loss charged off on SC310 (Closed-End Consumer Loans: Loans on Deposits).

**VA516: Home Improvement Loans**

Report the amount of loss charged off on SC316 (Closed-End Consumer Loans: Home Improvement Loans).

**VA530: Education Loans**

Report the amount of loss charged off on SC320 (Closed-End Consumer Loans: Education Loans).

**VA540: Auto Loans**

Report the amount of loss charged off on SC323 (Closed-End Consumer Loans: Auto Loans).



**VA550: *Mobile Home Loans***

Report the amount of loss charged off on SC326 (Closed-End Consumer Loans: Mobile Home Loans).

**VA560: *Other***

Report the amount of loss charged off on SC330 (Closed-End Consumer Loans: Other, Including Leases).

**Consumer (Open-End):****VA570: *Revolving Loans Secured by 1-4 Dwelling Units***

Report the amount of loss charged off on SC340 (Open-End Consumer Loans: Revolving Loans Secured by 1-4 Dwelling Units).

**VA580: *Credit Cards and Related Plans***

Report the amount of loss charged off on SC345 (Open-End Consumer Loans: Credit Cards and Related Plans).

**Reposessed Assets:**

Report all direct charge-offs on reposessed assets. Charge-offs to mark reposessed assets to fair value at the date of foreclosure should be charged off against the loan balance and reported on VA420 through VA580.

**VA60: *Total***

Report the sum of VA605 through VA630.

**Real Estate:****VA605: *Construction***

Report the amount of loss charged off on SC405 (Reposessed Assets: Real Estate: Construction).

**VA613: *1-4 Dwelling Units***

Report the amount of loss charged off on SC415 (Reposessed Assets: Real Estate: 1-4 Dwelling Units).

**VA616: *5 or More Dwelling Units***

Report the amount of loss charged off on SC425 (Reposessed Assets: Real Estate: 5 or More Dwelling Units).

**VA625: *Nonresidential (Except Land)***

Report the amount of loss charged off on SC426 (Reposessed Assets: Real Estate: Nonresidential (Except Land)).

**VA628: *Land***

Report the amount of loss charged off on SC428 (Reposessed Assets: Real Estate: Land).

**VA630: *Other Reposessed Assets***

Report the amount of loss charged off on SC430 (Other Reposessed Assets).

**VA70: *Real Estate Held for Investment***

Report the amount of loss charged off on SC45 (Real Estate Held for Investment).

**VA820: *Investments in Unconsolidated Subordinate Organizations***

Report the amount of loss charged off on SC50 (Investments in Subordinate Organizations).

**VA930: *Other Assets***

Report the amount of loss charged off on SC690 (Other Assets).

**Do not include:**

1. Write-downs of office buildings, leasehold improvements, furniture, fixtures, equipment, and automobiles; report as an adjustment of depreciation on SO440 (Net Income (Loss) from: Office Building Operations) and SO530 (Office Occupancy and Equipment Expense);
2. Write-downs on SC660 (Goodwill and Other Intangible Assets); report as an adjustment of amortization on SO560 (Amortization of Goodwill).

**RECOVERIES**

In the recovery column report the amount of recoveries during the quarter due to the repayment of assets previously charged off. Refer to the discussion on recoveries in the general instructions to Schedule VA above.

The sum of VA31, 381, 41, 51, 821, and 931 must equal VA135.

**Do not include:**

1. Sale of an asset at a sales price exceeding the carrying value; report in income on SO430 and SO467 through SO477; and
2. Payments received on assets for which a valuation allowance has been established; adjust the ending balance of the valuation allowance appropriately.

**VA31: Deposits, and Investment Securities**

Report the amount of recoveries on all deposits and investment securities reported on SC110 through SC190.

**VA381: Mortgage Pool Securities**

Report the amount of recoveries on mortgage pool securities reported on SC210 through SC215.

**Mortgage Loans**

Report recoveries of mortgage loans in the appropriate mortgage loan category below. Recoveries of accrued interest receivable and advances for taxes and insurance should be reported in the mortgage loan category of the related loan. Recoveries on deficiency judgments should be reported in the mortgage loan category of the loan for which the deficiency judgment was made.

**VA41: Total**

Report the sum of VA421, 431, 441, 451, 461, 471, 481, and 491.

**Construction:****VA421: 1-4 Dwelling Units**

Report the amount of recoveries on SC230 (Construction Loans on: 1-4 Dwelling Units).

**VA431: 5 or More Dwelling Units**

Report the amount of recoveries on SC235 (Construction Loans on: 5 or More Dwelling Units).

**VA441: Nonresidential Property**

Report the amount of recoveries on SC240 (Construction Loans on: Nonresidential Property).

**Permanent:****VA451: 1-4 Closed-End First Mortgages and Junior Liens**

Report the amount of recoveries on SC250 (Permanent Mortgages on: Closed-End First Mortgages and Junior Liens).

**VA461: 1-4 Revolving, Open-End Loans**

Report the amount of recoveries on SC253 (Permanent Mortgages on: Revolving, Open-End Loans).

**VA471: 5 or More Dwelling Units**

Report the amount of recoveries on SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

**VA481: Nonresidential Property (Except Land)**

Report the amount of recoveries on SC260 (Permanent Mortgages on: Nonresidential Property (Except Land)).

**VA491: Land**

Report the amount of recoveries on SC265 (Permanent Mortgages on: Land).

**Nonmortgage Loans**

Report recoveries of nonmortgage loans in the appropriate loan category below. Recoveries of accrued interest receivable should be reported in the relevant loan category.

**VA51: Total**

Report the sum of VA521, 531, 541, 551, 561, 571, and 581.

**VA521: Commercial**

Report the amount of recoveries on Commercial Loans on SC300 (Commercial Loans: Secured), SC303 (Commercial Loans: Unsecured), and SC306 (Commercial Loans: Financing Leases).

**Consumer (Closed-End):****VA511: Loans on Deposits**

Report the amount of recoveries on SC310 (Closed-End Consumer Loans: Loans on Deposits).

**VA517: Home Improvement Loans**

Report the amount of recoveries on SC316 (Closed-End Consumer Loans: Home Improvement Loans).

**VA531: Education Loans**

Report the amount of recoveries on SC320 (Closed-End Consumer Loans: Education Loans).

**VA541: Auto Loans**

Report the amount of recoveries on SC323 (Closed-End Consumer Loans: Auto Loans).

**VA551: *Mobile Home Loans***

Report the amount of recoveries on SC326 (Closed-End Consumer Loans: Mobile Home Loans).

**VA561: *Other***

Report the amount of recoveries on SC330 (Closed-End Consumer Loans: Other, Including Leases).

**Consumer (Open-End):****VA571: *Revolving Loans Secured by 1-4 Dwelling Units***

Report recoveries on SC340 (Open-End Consumer Loans: Revolving Loans Secured by 1-4 Dwelling Units).

**VA581: *Credit Cards and Related Plans***

Report the amount of recoveries on SC345 (Open-End Consumer Loans: Unsecured, Including Credit Cards and Other).

**VA821: Investments in Unconsolidated Subordinate Organizations**

Report the amount of recoveries on unsecured loans to subordinate organizations included in SC50 (Investments in Unconsolidated Subordinate Organizations).

**Do not include:**

Sales of subsidiaries at a price above its carrying value; report on SO477 (Net Income (Loss) From: Sale of Other Assets Held for Investment).

**VA931: Other Assets**

Report the amount of recoveries on all other financial assets that are not included above. Include recoveries on miscellaneous receivables reported on SC690 (Other Assets).

**Do not include:**

1. Gains on the sale of REO; report on SO461 (Operations and Sale of Repossessed Assets); or
2. Recoveries on deficiency judgments or other recoveries of loans foreclosed upon; report as a recovery of the loan in the appropriate loan category above.

**SPECIFIC VALUATION ALLOWANCE PROVISIONS & TRANSFERS  
FROM GENERAL ALLOWANCES**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances during the quarter, *i.e.*, specific valuation allowance activity except charge-offs and acquisitions.

The sum of VA32, 382, 42, 52, 62, 72, 822, and 932 must equal the sum of VA118 and 128.

### **VA32: Deposits, and Investment Securities**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on all deposits and investment securities reported on SC110 through SC190.

### **VA382: Mortgage Pool Securities**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC210 through SC215 (Mortgage Pool Securities).

### **Mortgage Loans:**

Report the provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances of mortgage loans in the appropriate mortgage loan category below. Specific valuation allowance activity of accrued interest receivable and advances for taxes and insurance should be reported in the mortgage loan category of the related loan.

### **VA42: Total**

Report the sum of VA422, 432, 442, 452, 462, 472, 482, and 492.

### **Construction:**

#### **VA422: 1-4 Dwelling Units**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC230 (Construction Loans on: 1-4 Dwelling Units).

#### **VA432: 5 or More Dwelling Units**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC235 (Construction Loans on: 5 or More Dwelling Units).

#### **VA442: Nonresidential Property**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC240 (Construction Loans on: Nonresidential Property).

**Permanent:****VA452: 1-4 Closed-End First Mortgages and Junior Liens**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC250 (Permanent Mortgages on: Closed-End First Mortgages and Junior Liens).

**VA462: 1-4 Revolving, Open-End Loans**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC253 (Permanent Mortgages on: Revolving, Open-End Loans).

**VA472: 5 or More Dwelling Units**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

**VA482: Nonresidential Property (Except Land)**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC260 (Permanent Mortgages on: Nonresidential Property).

**VA492: Land**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC265 (Permanent Mortgages on: Land).

**Nonmortgage Loans**

Report the provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances of mortgage loans in the appropriate nonmortgage loan category below. Specific valuation allowance activity of accrued interest receivable should be reported in the mortgage loan category of the related loan.

**VA52: Total**

Report the sum of VA522, 512, 518, 532, 542, 552, 562, 572, and 582.

**VA522: Commercial**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC300 (Commercial Loans: Secured Other than Mortgage), SC303 (Commercial Loans: Unsecured), and SC306 (Commercial Loans: Financing Leases).

**Consumer (Closed-End):****VA512: *Loans on Deposits***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC310 (Closed-End Consumer Loans: Loans on Deposits).

**VA518: *Home Improvement Loans***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC316 (Closed-End Consumer Loans: Home Improvement Loans).

**VA532: *Education Loans***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC320 (Closed-End Consumer Loans: Education Loans).

**VA542: *Auto Loans***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC323 (Closed-End Consumer Loans: Auto Loans).

**VA552: *Mobile Home Loans***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC326 (Closed-End Consumer Loans: Mobile Home Loans).

**VA562: *Other***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC330 (Closed-End Consumer Loans: Other, Including Leases).

**Consumer (Open-End):****VA572: *Revolving Loans Secured by 1-4 Dwelling Units***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC340 (Open-End Consumer Loans: Revolving Loans Secured by 1-4 Dwelling Units).

**VA582: *Credit Cards and Related Plans***

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC345 (Open-End Consumer Loans: Credit Cards and Related Plans).



**Reposessed Assets:**

Report the provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances of reposessed assets after the date of foreclosure. Do not include adjustments to mark reposessed assets to fair value at the date of foreclosure; these should be charged off against the loan balance and reported on VA420 through VA580.

**VA62: Total**

Report the sum of VA606, 614, 617, 626, 629, and 632.

**Real Estate:****VA606: Construction**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC405 (Reposessed Assets: Real Estate: Construction).

**VA614: 1-4 Dwelling Units**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC415 (Reposessed Assets: Real Estate: 1-4 Dwelling Units).

**VA617: 5 or More Dwelling Units**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC425 (Reposessed Assets: Real Estate: 5 or More Dwelling Units).

**VA626: Nonresidential (Except Land)**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC426 (Reposessed Assets: Real Estate: Nonresidential (Except Land)).

**VA629: Land**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC428 (Reposessed Assets: Real Estate: Land).

**VA632: Other Reposessed Assets**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC430 (Other Reposessed Assets).

**VA72: Real Estate Held for Investment**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC45 (Real Estate Held for Investment).

**VA822: Investments in Unconsolidated Subordinate Organizations**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC50 (Investments in Subordinate Organizations).

**VA932: Other Assets**

Report the amount of provision for loss established for specific valuation allowances and the transfers to and from general valuation allowances on SC690 (Other Assets).

**TOTAL**

This column will be automatically generated by the electronic filing software.

**This column is the total of :**

1. Charge-offs
2. Less Recoveries
3. Plus specific valuation allowance provisions and transfers from general allowances

**OTHER ITEMS****Troubled Debt Restructured:**

A troubled debt restructuring occurs when the reporting association provides the borrower certain concessions that it would not normally consider. The concessions must be in light of the borrower's financial difficulty, and the objective must be to maximize recovery of the association's investment. Troubled debt restructurings are often (but not always) the result of legal proceedings or negotiations between the parties.

Troubled debt restructurings include situations in which the reporting association accepts:

1. A note (secured or unsecured) from a third party in payment of its receivable from the borrower;
2. The underlying collateral in payment of the loan, either through foreclosure, other transfer of title, or in-substance foreclosure;
3. Other assets in payment of the loan;
4. An equity interest in the borrower or its assets in lieu of its receivable; or
5. A modification of the terms of the debt including, but not limited to:
  - a. Reduction in stated interest rate;

- b. Extension of maturity;
- c. Reduction in the face amount of the debt; and
- d. Reduction in the accrued interest.

**Include:**

- 1. Restructured real estate loans that are considered equity investments under GAAP, reported on SC45 (Real Estate Held for Investment);
- 2. Restructured loans reported on SC230 through SC265 (Mortgage Loans), SC300 through SC345 (Nonmortgage Loans);
- 3. Foreclosed assets reported on SC405 through SC430 (Reposessed Assets); and
- 4. Troubled debt restructurings even if no losses were recorded this quarter.

**VA940: Amount this Quarter**

Report the recorded investment in the restructured asset (*i.e.*, modified loan or foreclosed asset) after deduction for specific valuation allowances.

**VA941: Amount Included in Statement of Condition**

Report the recorded investment in the restructured asset (*i.e.*, modified loan or foreclosed asset) after deduction for specific valuation allowances. **Recorded investment is the principal balance, adjusted for charge-offs and unamortized yield adjustments.** Report all troubled debt restructurings that remain on the books at the end of the quarter, regardless of the quarter in which restructuring took place.

In general, a loan will continue to be reported in this data field until paid in full. However, a troubled debt restructuring that yields a market rate at the time of issuance will be reported on VA941 only during the year of the restructuring if the borrower is in compliance with the terms of the restructured contract.

**Mortgage Loans Foreclosed During the Quarter:**

Report the recorded investment after deduction for specific valuation allowances of mortgage loans foreclosed during the quarter.

Report all mortgages of the types reported on SC230 through SC265 (Mortgage Loans) and real estate loans that are considered equity investments under GAAP, reported on SC45 that were foreclosed, on which a voluntary deed in lieu of foreclosure was acquired, or on which there was an in-substance foreclosure during the quarter. Note that foreclosed real estate loans that are considered equity investments under GAAP are not transferred to Repossessed Assets (SC405 through SC428) but remain in Real Estate Held For Investment (SC45).

Report all foreclosures during the quarter, even if the property has been sold or otherwise disposed of since foreclosure.

**Include:**

- 1. Cancellations of real estate contracts or similar actions whereby the reporting association reacquires any property it previously owned that was sold on contract or installment basis;

2. FHA/VA mortgage loans, other federally insured or guaranteed mortgage loans, or privately insured mortgage loans that have been foreclosed, whether or not title is subsequently transferred to the insurer;
3. The portion of participations held by the reporting association at the time of foreclosure whether or not the reporting association was the lead lender or initiated foreclosure proceedings; and
4. Loans and participations sold with recourse reacquired prior to foreclosure. If a loan was reacquired and a foreclosure judgment obtained (in fact or in substance) in the same quarter, report it as a purchase on CF280 through CF300 (Loans and Participations Purchased) and as a foreclosure on VA950.

**Do not include:**

1. Loans to which title reverted to the seller prior to foreclosure; or
2. Loans serviced for others unless the loan was reacquired prior to foreclosure by the reporting association.

**VA95: Total**

Report the sum of VA951 through VA955.

**VA951: Construction**

Report foreclosures during the quarter on loans previously reported on SC230 through SC240 (Mortgage Loans: Construction Loans) and SC450 through SC470 (Real Estate Held for Investment).

**Permanent Loans Secured By:**

**VA952: 1-4 Dwelling Units**

Report foreclosures during the quarter on permanent mortgages secured by one-to-four dwelling unit property previously reported on SC250 and SC253 (Permanent Mortgages on: 1-4 Dwelling Units).

**VA953: 5 or More Dwelling Units**

Report foreclosures during the quarter on permanent mortgages secured by five or more dwelling unit property previously reported on SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

**VA954: Nonresidential (Except Land)**

Report foreclosures during the quarter on permanent mortgages secured by nonresidential property reported on SC260 (Permanent Mortgages on: Nonresidential Property (Except Land)).

**VA955: Land**

Report foreclosures during the quarter on permanent mortgages secured by land previously reported on SC265 (Permanent Mortgages on: Land).

## **Classification of Assets:**

Report classified assets of the reporting savings association and its consolidated subsidiaries, net of related specific valuation allowances, accumulated charge-offs, and recorded liabilities. Include off-balance-sheet items, such as loan commitments, loans sold with recourse, and lines and letters of credit, that are required to be classified.

### **End of Quarter Balances by Classification:**

#### **VA960: *Special Mention***

Report all assets, portions of assets, and off-balance-sheet items as of the end of the quarter classified as "special mention" pursuant to OTS Regulation 563.160.

#### **VA965: *Substandard***

Report all assets, portions of assets, and off-balance-sheet items as of the end of the quarter classified as "substandard" pursuant to OTS Regulation 563.160.

#### **VA970: *Doubtful***

Report all assets, portions of assets, and off-balance-sheet items as of the end of the quarter classified as "doubtful" pursuant to OTS Regulation 563.160.

#### **VA975: *Loss***

Report all assets, portions of assets, and off-balance-sheet items as of the end of the quarter classified "loss" pursuant to OTS Regulation 563.160.

The amount reported for assets classified "loss" should be after any deduction for related specific valuation allowances, accumulated charge-offs, and/or recorded liabilities. Accordingly, the amount reported in this data field should generally be zero.

## SCHEDULE PD — CONSOLIDATED PAST DUE AND NONACCRUAL

Report all loans and leases owned by the reporting association that are past due or are in nonaccrual status, regardless of whether such loans are secured or unsecured and regardless of whether such loans are guaranteed by the Government or by others, with the exception of those noted below. Report the entire loan, not simply the amount of the delinquent payment. The balance reported should be the recorded investment after deduction for **specific** valuation allowances. **Recorded investment** is the principal balance, adjusted for charge-offs and unamortized yield adjustments.

Associations who service GNMA pools for others consisting of 1 to 4 family residential mortgage loans insured by the FHA, FmHA, or VA and who, in order to satisfy GNMA's servicing requirements, choose to purchase delinquent FHA, FmHA, or VA residential mortgages in foreclosure status from the pool in lieu of continuing to make monthly advances to the pool need not report such loans in Schedule PD provided the process of reimbursement by FHA, FmHA, or VA is proceeding normally.

Assets covered by the FSLIC Resolution Fund, the RTC, or the FDIC on which payments from the borrower are contractually past due or in nonaccrual status are not included in Schedule PD.

### PAST DUE

1. Grace periods are not to be taken into account in determining past due status.
2. Loans and lease financing receivables are to be reported as past due when either interest or principal is unpaid in the following circumstances:
  - a. **Amortizing closed-end** mortgage loans, closed-end nonmortgage installment loans, and any other loans and lease financing receivables with:
    - 1) **Payments scheduled monthly** are to be reported as past due when the borrower is in arrears two or more monthly payments of interest and/or principal for example, a mortgage in accrual status for which the payment is due on the first of the month, is not reported in Schedule PD for January unless both the December and January payments are in arrears; likewise, it would be reported in Schedule PD for February if both the January and February payments are in arrears. A payment is considered past due if either principal or interest is in arrears; for example, if interest is current but principal is in arrears in an amount equal to two or more total monthly payments, the loan should be reported in Schedule PD.

- 2) **Payments scheduled other than monthly** are to be reported in Schedule PD when one scheduled payment of interest and/or principal is due and unpaid for 30 calendar days or more.
- b. **Open-end loans** such as home equity loans, charge-card plans, check credit, and other revolving credit plans are to be reported as past due when the customer has not made the **minimum** payment for two or more billing cycles.
- c. **Single payment and demand notes** providing for the payment of interest at stated intervals [e.g., certain construction loans] are to be reported as past due after one interest payment is due and unpaid for 30 days or more.
- d. **Single payment notes** providing for the payment of interest at maturity are to be reported as past due after maturity if interest or principal remains unpaid for 30 days or more.
- e. **Unplanned overdrafts** are to be reported as past due if the account remains continuously overdrawn for 30 days or more.

Associations may use actual days as stated in the schedule headings in lieu of cycles in the calculation of past due. The following is an example of the use of cycles in the preparation of Schedule PD:

Payment Missed	Actual Days Overdue at Month-end	PD Category at End of Month
Jan 1 (one)	30	Under 30 Days
Feb 1 (two)	58	30 - 89 Days
March 1 (three)	89	30 - 89 Days
April 1 (four)	119	90 Days or More

### Restructured loans:

A loan that has been formally restructured so as to be reasonably assured of repayment and of performance according to its modified terms need not be maintained in nonaccrual status, provided the restructured loan is well secured and collection under the revised terms is probable. The determination of probability of collection should include consideration of the borrower's sustained historical repayment performance for a reasonable period, which may take into account performance prior to restructuring. A sustained period of repayment performance generally would be a minimum of six months and would involve payments of cash or cash equivalents.

### Do not include:

1. Loans on which interest is accrued for record-keeping purposes but not for reporting purposes;
2. Accrued interest and advance payments of borrowers' taxes and insurance unless they have been capitalized to the loan balance; and
3. Deductions for allowances for loan and lease losses (ALLL) or the assumed liability of wrap-around loans applicable to such loans.

### NONACCRUAL:

Report loans on which interest is no longer being accrued.

**Interest cannot be accrued on:**

1. An asset which is maintained on a cash basis due to deterioration in the financial position of the borrower;
2. An asset for which full payment of interest or principal is not expected; or
3. An asset with principal or interest in default unless the value of the property securing the loan exceeds the receivable balance (principal, interest, and escrows) and collection is probable.

**Mortgage Loans:****PD115, 215, and 315:      Construction**

Report loans included on SC230 through SC240 (Construction Loans).

**Permanent, Secured by:*****PD120, 220, and 320:    1-4 Dwelling Units***

Report loans included on SC250 and SC253 (Permanent Mortgages on: 1-4 Dwelling Units).

***PD125, 225 and 325:    5 or More Dwelling Units***

Report loans included on SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

***PD135, 235, and 335:    Nonresidential Property (Except Land)***

Report loans included on SC260 (Permanent Mortgages on: Nonresidential Property (Except Land)).

***PD138, 238, and 338:    Land***

Report loans included on SC265 (Land).

**Nonmortgage Loans and Leases:****PD140, 240 and 340:      Commercial**

Report loans and leases included on SC300 through SC306 (Nonmortgage Loans: Commercial Loans).

**Consumer loans, closed-end:*****PD161, 261, and 361:    Loans on Deposits***

Report loans included on SC310 (Closed-End Consumer Loans: Loans on Deposits).



***PD163, 263, and 363: Home Improvement Loans***

Report loans included on SC316 (Closed-End Consumer Loans: Home Improvement Loans).

***PD165, 265, and 365: Education Loans***

Report loans included on SC320 (Closed-End Consumer Loans: Education Loans).

***PD167, 267, and 367: Auto Loans***

Report loans included on SC323 (Closed-End Consumer Loans: Auto Loans).

***PD169, 269, and 369: Mobile Home Loans***

Report loans included on SC326 (Closed-End Consumer Loans: Mobile Home Loans).

***PD170, 270, and 370: Other, Including Leases***

Report loans included on SC330 (Closed-End Consumer Loans: Other, Including Leases).

**Consumer Loans, Open-End:*****PD175, 275, and 375: Revolving Loans Secured by 1-4 Dwelling Units***

Report loans included on SC340 (Open-End Consumer Loans: Revolving Loans Secured by 1-4 Dwelling Units).

***PD178, 278, and 378: Credit Cards and Related Plans*****PD10, 20 and 30: Total**

Report the summations of PD115 through PD178, PD215 through PD278, and PD315 through PD378.

## **SCHEDULE CC — CONSOLIDATED COMMITMENTS AND CONTINGENCIES**

### **COMMITMENTS OUTSTANDING:**

Report all commitments outstanding for which settlement will be made in the name of the reporting association or its consolidated subsidiaries (or in the case of securities held by an agent, made on behalf of the reporting association or its consolidated subsidiaries).

In reporting commitments to originate loans on CC280 through CC310, do not include any agreement or portion thereof that will not involve the disbursement or receipt of cash by the reporting association (*e.g.*, for a wrap-around loan report only the amount to be disbursed; do not report gross).

In reporting commitments to purchase or sell loans or securities on CC320 through CC370, report on a gross basis (*i.e.*, do not net commitments to sell against commitments to purchase), even if the commitments are for the same or similar investments and even if no cash will be disbursed or received. For example, a commitment to swap mortgages for mortgage pool securities should be reported as commitments even though no cash will be involved in the transaction. Do not include repurchase and reverse repurchase agreements that are accounted for as financings.

### **Undisbursed Balance of Loans Closed (Loans-in-process Excluding Lines of Credit:**

Report loan distributions on loans that have been closed but not yet disbursed.

#### **Include:**

1. Loans disbursed according to a specified schedule or completion of specified terms;
2. Loans awaiting completion of certain contractual terms prior to disbursement;
3. Loans for which the documents have been executed but the loan distribution has not yet been made.

#### **Do not include:**

1. The undisbursed portion of open-ended lines of credit (mortgage or nonmortgage);

2. Borrowers advances or deposits that are reported on SC710(Deposits) or SC783(Escrows).

**CC105: Mortgage Construction Loans**

Report loans in process on mortgage construction loans of the types reported on SC230 through SC240.

**CC115: Other Mortgage Loans**

Report the undisbursed balance of permanent mortgage loans of the types reported on SC250 through SC265.

**CC125: Nonmortgage Loans**

Report the undisbursed balance of closed-end nonmortgage loans of the types reported on SC300 through SC330.

**To Originate Mortgages Secured By:**

Report outstanding commitments made to builders, owners, or purchasers of real estate to originate mortgage loans (*i.e.*, to be closed in the name of the reporting association or its consolidated subsidiaries), classified by the type of property securing the loan.

**CC280: 1-4 Dwelling Units****CC290: 5 or More Dwelling Units****CC300: All Other Real Estate**

Report outstanding commitments to originate mortgage loans on nonresidential property and land.

**CC310: To Originate Nonmortgage Loans**

Report outstanding commitments to originate nonmortgage loans (*i.e.*, to be closed in the name of the reporting association or its consolidated subsidiaries).

**CC320: To Purchase Loans**

Report outstanding commitments to purchase whole mortgage and nonmortgage loans and participating interests therein.

**CC330: To Sell Loans**

Report outstanding commitments to sell whole mortgage and nonmortgage loans and participating interests therein.

**CC340: To Purchase Mortgage Pool Securities**

Report outstanding commitments to purchase mortgage pool securities of the types reported on SC210 and SC215.

**CC350: To Sell Mortgage Pool Securities**

Report outstanding commitments to sell mortgage pool securities of the types reported on SC210 and SC215.

**CC360: To Purchase Investment Securities**

Report outstanding commitments to purchase investment securities of the types reported on SC130 through SC150, SC180, and SC185.

**CC370: To Sell Investment Securities**

Report outstanding commitments to sell investment securities of the types reported on SC130 through SC150, SC180, and SC185.

**LINES AND LETTERS OF CREDIT:****Unused Lines of Credit:**

Report all unused lines of credit (*i.e.*, the difference between the amount authorized by contract and the actual amount outstanding at quarter-end) issued by the reporting association or its consolidated subsidiaries in connection with credit cards or open-end loans, including those secured by a mortgage (*i.e.*, equity loans) or other collateral.

Do not include loans in process reported on CC105, CC115, or CC125.

**CC410: Open-End Consumer Lines****CC420: Commercial Lines****Letters of Credit:**

Report the undrawn portion of outstanding letters of credit at the end of the quarter. Do not report any other type of commitment; most other types of commitments are reported on CC280 through CC370.

Letters of credit are divided into two classifications:

1. A commercial letter of credit is one in which the issuer expects to pay drafts or other demands for payment.
2. A standby letter of credit is one in which the issuer stands ready to pay in the unexpected event that the customer defaults or fails to perform on the underlying contract with the third party.

Do not include unused lines of credit.

**CC430: Commercial**

Report the undrawn portion of commercial letters of credit.

**CC440: Standby, Collateralized by Cash or Segregated Accounts**

Report the undrawn portion of standby letters of credit in which the customer has provided collateral in the form of cash or segregated deposits.

**CC450: Other Standby**

Report the undrawn portion of all standby letters of credit not included on CC440.

**CC460: BALANCE OF ASSETS SOLD WITH RECOURSE**

Report the outstanding aggregate principal balance of assets sold with recourse, regardless of when sold.

**Include:**

1. Assets sold and guaranteed by the reporting association or its consolidated subsidiaries;
2. Loans swapped for securities; and
3. Assets held in a trust.

**Do not include:**

1. Insured and partially insured loans (e.g., if 80% of a loan is insured by FHA/VA or private mortgage insurers, report only 20% of the outstanding loan; the insured portion (even if 100%) should not be reported);
2. Losses to be borne by purchaser; or
3. Losses recorded on-balance-sheet as liabilities by the reporting association or its consolidated subsidiaries.

**CC480: OTHER CONTINGENT LIABILITIES**

Report all contingent liabilities not reported elsewhere in this schedule.

**CC490: CONTINGENT ASSETS**

Report all contingent assets.

## SCHEDULE CF — CONSOLIDATED CASH FLOW INFORMATION

### GENERAL INSTRUCTIONS:

The activity reported on this schedule should be that of the reporting savings association and its consolidated subsidiaries. **Do not report as new activity bulk sales and purchases of loans and deposits, branch purchases and sales, or assets and deposits acquired through a merger.** In the case of a merger of two depository institutions, activity for both institutions involved in the merger should be reported for the **entire quarter** regardless of whether the purchase or pooling method was applied. In the case of an acquisition by a holding company where pushdown accounting was used, the activity for the entire quarter should be reported.

### MORTGAGE POOL SECURITIES:

Report purchases and sales of securities reported on SC210 (Mortgage Pool Securities: Insured or Guaranteed by an Agency or Instrument of the United States) and SC215 (Other Mortgage Pool Securities), including those that were purchased and sold during the same quarter.

#### CF140: Purchases - Secured by Fixed-Rate Mortgages

Report the purchase price of mortgage pool securities purchased during the quarter secured primarily by fixed-rate mortgages.

#### CF150: Purchases - Secured by Variable-Rate Mortgages

Report the purchase price of mortgage pool securities purchased during the quarter secured primarily by variable-rate mortgages.

#### CF160: Sales - Secured by Fixed-Rate Mortgages

Report the carrying value of mortgage pool securities sold during the quarter secured primarily by fixed-rate mortgages.

**CF170: Sales - Secured by Variable-Rate Mortgages**

Report the carrying value of mortgage pool securities sold during the quarter secured primarily by variable-rate mortgages.

**CF180: Principal Reductions**

Report all cash repayments of principal on mortgage pool securities.

**MORTGAGE LOANS:****Mortgage Loans Closed:**

Report the amount disbursed for mortgage loans during the quarter. Note that all amounts are reported net of loans-in-process and additional disbursements are reported in the quarter in which they are made.

**Include:**

1. All loans closed in the name of the reporting association and its consolidated subsidiaries whether or not the actual closing is performed by the savings association, an affiliate, or another entity. Subsequent transfers from the closing entity to the reporting association are not reported as purchases, because the loans have already been reported as originations of the reporting association.
2. Increases in loan balances of existing loans (e.g., disbursement of loans-in-process and previously closed but undisbursed mortgages, negative amortizations, and additional disbursements of home equity loans); report as originations even though they increase loan balances of existing loans.
3. The amount disbursed for refinanced loans.
4. Combination construction/permanent loans both at the time the construction loan is closed and at the time it converts to permanent financing; report the construction loan on CF350 at the time of conversion.

**Do not include:**

1. Loans closed in the name of an affiliate or other unconsolidated entity. Subsequent transfers from the reporting association to the entity in whose name the loans were closed are not reported as sales, because the loans were never reported as originations. If the reporting association subsequently acquires mortgages it closed in the name of an affiliate or other unconsolidated entity, it should report the acquisition as a purchase on CF280 through CF300.
2. The undisbursed portion of construction and open-end home equity loans; report these as contingencies on Schedule CC.
3. Mortgages closed by brokers under warehouse lines of credit where the loans were closed but no money was disbursed by the reporting association or its consolidated subsidiaries; report only as funds are disbursed as described under "Include" item 2 above.

**Construction Loans On:*****CF190: 1-4 Dwelling Units***

Report the amount of construction loans disbursed during the quarter of the type reported on SC230 (Construction Loans on: 1-4 Dwelling Units).

**Do not include:**

Construction loans secured by condominium projects; report on CF200.

***CF200: 5 or More Dwelling Units***

Report the amount of construction loans disbursed during the quarter of the type reported on SC235 (Construction Loans on: 5 or More Dwelling Units).

**Include:**

Construction loans secured by condominium and time-share projects.

***CF210: Nonresidential***

Report the amount of construction loans disbursed during the quarter of the type reported on SC240 (Construction Loans on: Nonresidential Property).

**Permanent Loans On:**

When a single loan provides permanent financing of more than one type of property, the entire loan should be reported in the data field describing the type of property representing the largest use of loan proceeds.

Classify property as newly built if none of the dwelling units has been occupied. Classify property as previously occupied if one or more of the dwelling units has been occupied.

***1-4 Dwelling Units:***

Report the amount of mortgage loans disbursed during the quarter of the type reported on SC250 and SC253 (Permanent Mortgages on: 1-4 Dwelling Units).

**Include:**

Amounts disbursed under revolving, open-end loans secured by 1-4 dwelling units and extended under lines of credit (open-end home equity loans) where the savings association secures the loan by a lien on the real estate which meets the requirements of OTS Regulations 564 and 560.100-101.

**CF220: Newly Built****CF230: Previously Occupied**



**5 or More Dwelling Units:**

Report the amount of mortgage loans disbursed during the quarter of the type reported on SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

**CF240: Newly Built**

**CF250: Previously Occupied**

**CF260: Nonresidential (Except Land)**

Report the amount of mortgage loans disbursed during the quarter of the type reported on SC260 (Permanent Mortgages on: Nonresidential Property (Except Land)).

**CF270: Land**

Report the amount of mortgage loans disbursed during the quarter of the type reported on SC265 (Permanent Mortgages on: Land).

**Include:**

1. Developed building lots;
2. Land in the acquisition or development stage (e.g., loans for making improvements required for conversion to developed building lots); and
3. Unimproved land.

**Do not include:**

1. Land used for farming; report on CF260; and
2. Combination land/construction loans; report on CF190 through CF210.

**Loans and Participations Purchased, Secured by:****Include:**

The cost of mortgage loans and participations purchased from other entities (*i.e.*, after adjusting for discounts, premiums, or loans in process).

**Do not include:**

1. Transfers from an affiliate or other unconsolidated entity where the loans were closed in the name of the reporting savings association or its consolidated subsidiaries; report as mortgage loans closed when originated; and
2. Acquisitions of mortgage pool securities; report on CF140 and CF150.

**CF280: 1-4 Dwelling Units**

Report loans and participations purchased during the quarter of the types reported on SC230 (Construction Loans on: 1-4 Dwelling Units), and SC250 and SC253 (Permanent Mortgages on: 1-4 Dwelling Units).

**CF290: 5 or More Dwelling Units**

Report loans and participations purchased during the quarter of the types reported on SC235 (Construction Loans on: 5 or More Dwelling Units), and SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

**CF300: Nonresidential**

Report loans and participations purchased during the quarter of the types reported on SC240 (Construction Loans on: Nonresidential Property), SC260 (Permanent Mortgages on: Nonresidential Property (Except Land), and SC265 (Permanent Mortgages on: Land).

**Loans and Participations Sold, Secured by:****Include:**

The carrying value of mortgage loans and participations sold to other entities or otherwise disposed of. Include loans securitized and retained in the reporting institution's security portfolio even though this is a noncash transaction; also report the securitized loans as an acquisition of securities on CF140 or CF150.

**Do not include:**

Sales of mortgage pool securities; report on CF160 and CF170.

**CF310: 1-4 Dwelling Units**

Report loans and participations sold during the quarter of the types reported on SC230 (Construction Loans on: 1-4 Dwelling Units), and SC250 and SC253 (Permanent Mortgages on: 1-4 Dwelling Units).

**CF320: 5 or More Dwelling Units**

Report loans and participations sold during the quarter of the types reported on SC235 (Construction Loans on: 5 or More Dwelling Units), and SC256 (Permanent Mortgages on: 5 or More Dwelling Units).

**CF330: Nonresidential**

Report loans and participations sold during the quarter of the types reported on SC240 (Construction Loans on: Nonresidential Property), SC260 (Permanent Mortgages on: Nonresidential Property (Except Land), and SC265 (Permanent Mortgages on: Land).

**CF340: Cash Repayment of Principal**

Report all cash repayments of principal during the quarter on loans reported on SC230 through SC265 (Mortgage Loans).

**Include:**

1. Scheduled amortization repayments; and
2. Full and partial cash prepayments.

**Do not include:**

1. Loan foreclosures; report on CF350;
2. Capitalized interest charges; report on CF350; and
3. Noncash transactions that reduce loan balances (e.g., loan restructurings and refinancings); report on CF350.

**CF350: Debits Less Credits Other Than Repayment of Principal**

Report noncash transactions affecting principal balances of loans reported on SC230 through SC265 (Mortgage Loans). Report a net credit as negative.

**Include:**

1. Capitalized charges (*i.e.*, interest, taxes, insurance, and other miscellaneous charges) reported on SC230 through SC265 (Mortgage Loans);
2. Mortgage loans foreclosed;
3. Noncash payoffs of the construction phase of a combination construction-permanent loan that became permanent during the quarter;
4. Changes in SVAs of mortgage loans;
5. Unearned income on mortgage loans originated (*i.e.*, loan fees, prepaid interest, etc.) and on mortgage loans purchased (*i.e.*, discounts and premiums);
6. Amortization of unearned income (yield adjustments) on mortgage loans;
7. Increases in unearned income of mortgage loans resulting from mergers accounted for using the purchase method and acquisitions using push-down accounting.

**Do not include:**

1. Unclassified loans; transactions must be classified on CF190 through CF270 corresponding to their classification on SC230 through SC265 (Mortgage Loans);
2. The underlying loan of a wrap-around loan reported as a borrowing on SC760 (Other Borrowings);
3. Transfers between the mortgage loan and nonmortgage loan classifications;
4. Foreclosures on property securing real estate loans that are considered equity investments under GAAP as these amounts were not included in mortgages;
5. Increases in balances of negative amortization and open-end loans; report as originations; and
6. Changes in mortgage balances due to acquisition or disposition of a branch as explained in the general instructions to this schedule.

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**CF360: Refinancing Loans Included on Lines 190 through 270 Above**

Report the gross amount of refinanced loans during the quarter that were reported on CF190 through CF270 where the reporting association held the original loan being refinanced. Include both troubled debt restructurings and non-troubled debt restructurings. In this data field report the full amount of the new refinanced loan even though only the new amount disbursed is reported on CF190 through CF270

**NONMORTGAGE LOANS CLOSED OR PURCHASED:**

Report commercial and consumer nonmortgage loans and financing leases closed or purchased during the quarter. If a loan is made from a line of credit, include only the amount disbursed during the quarter.

Refer to the general instructions at the beginning of this schedule for reporting when there is a merger or bulk acquisition.

Include loans that were closed even if paid off or sold during the same quarter (e.g., line-of-credit transactions and loans originated for sale).

**CF390: Commercial**

Report loans and financing leases closed or purchased during the quarter of the types reported on SC300 through SC306 (Commercial Loans).

**CF400: Consumer**

Report loans and financing leases closed or purchased during the quarter of the types reported on SC310 through SC345 (Consumer Loans).

**DEPOSITS:**

The following items reconcile deposits as follows:

SC710 from last quarter's TFR

Plus CF420

Plus CF430

Plus CF435

Equals SC710 of the current TFR,

with the exception of certain miscellaneous items described in the instructions for SC710 such as changes in balances of:

- Outstanding cashier's checks, money orders, and other official checks drawn on internal accounts;
- U.S. Treasury tax and loan accounts;

- Funds drawn on a zero-balance account in another depository institution or in a FHLBank;
- Outstanding travelers' letters of credit.

## **CF420: New Deposits Received Less Deposits Withdrawn**

Report the total of deposits received less deposits withdrawn during the quarter.

### **Report activity in a merger as follows:**

#### ***Merger with a savings association previously reporting to OTS:***

Report the combined activity of the reporting association and any savings association that merged into it for the full quarter, regardless of whether the purchase or pooling methods of accounting were used.

This should reflect the entire quarter's activity regardless of the merger date. Do not include the acquired associations' deposits at the beginning of the quarter as "new deposits;" report only the activity during the quarter.

#### ***Merger with depository institution not previously reporting to OTS:***

Do not report the deposit activity of the acquired non-OTS depository institution prior to the merger date. After the merger date report the combined deposit activity of the reporting association and the merged institution.

### **Report activity in a branch acquisition as follows:**

Do not report the activity of purchased branches prior to the date of acquisition; this activity should be reported by the depository institution selling the branch up until the date of the sale/acquisition.

### **Do not include as new deposits received:**

1. Bulk deposits acquired in a merger, branch, or bulk deposit purchase; and
2. Accrued interest.

### **Include as deposits withdrawn:**

1. Charges to Now, Super-Now, and other transaction accounts;
2. Withdrawals of matured time deposits;
3. Withdrawals of savings and all other deposits.

### **Do not include as deposits withdrawn:**

Branch or bulk deposit sales.

## **CF430: Interest Credited to Deposits**

Report amount of interest and dividends credited during the quarter to accounts reported on SC710 (Deposits).

### **In the case of a merger include:**

The combined interest credited to deposits of the reporting association and acquired depository institution(s) for the full quarter. This should reflect the full quarter's interest credited to deposits for the

entire quarter regardless of when the merger occurred and regardless of whether pooling or purchase methods of accounting were used.

**Do not include:**

1. Interest paid out in cash; and
2. Accrued interest reported on SC763 (Accrued Interest Payable - Deposits).

**CF435: Deposits Acquired, Net of Dispositions in Bulk Transactions  
(Including Non-OTS Mergers and Conversions)**

Report bulk purchases, net of sales, of deposits acquired during the quarter. This amount is not reported on CF420 above.

If sales exceed purchases, report the amount as negative.

**Include:**

1. Bulk purchases and sales of deposits ;
2. Deposits acquired or disposed of through branch office purchases and sales;
3. Deposits acquired from mergers with depository institutions not previously reporting to the OTS; and
4. The deposit balance at the date of conversion for all institutions converting from a non-OTS to an OTS-regulated charter.

Do not include **deposits acquired from mergers with an institution that was regulated by the OTS as of the end of the previous quarter.**



## **SCHEDULE SI — CONSOLIDATED SUPPLEMENTAL INFORMATION**

### **DEPOSIT DATA:**

#### **Total Broker-originated Deposits:**

##### **SI100: Fully Insured**

Report brokered deposits included on SC710 (Deposits) received from brokers, dealers, or agents (including As-Agent CDs) for the account of others in which the individual account is equal to or less than \$100,000.

##### **SI110: Other**

Report brokered deposits included on SC710 (Deposits) received from brokers, dealers, or agents (including As-Agent CDs) for the account of others in which the individual account exceeds \$100,000.

#### **Deposits with Balances:**

The sum of SI165 and SI175 must equal SC710 (Deposits).

##### **SI165: \$100,000 or Less**

Report deposits with current balances of \$100,000 or less. Include that portion of larger broker-originated deposits that has been sold to investors in participating shares with current balances of \$100,000 or less.

##### **SI175: Greater than \$100,000**

Report deposits with current balances greater than \$100,000. Do not include that portion of larger broker-originated accounts that has been sold to investors in participating shares of \$100,000 or less.



**SI210: IRA/Keogh Accounts**

Report IRA/Keogh accounts established pursuant to U.S.C. (I.R.C. 1954) included in SC710 (Deposits).

Do not include other types of retirement accounts.

**Number of Deposit Accounts with Balances:**

Report the number of accounts for which balances are reported on SC710 (Deposits). Do not report the outstanding balances. Report each investor participation in a larger broker-originated deposit as a separate account. The amounts reported are the actual numbers and are not rounded to thousands.

**SI220: \$100,000 or Less****SI230: Greater than \$100,000**

The sum of SI220 and SI230 equals the total number of deposit accounts held by the reporting association.

**SI235: Uninsured Deposits**

Report the amount of any deposit in excess of insured limits pursuant to the FDICIA Section 141.

Although the reporting association may not be able to precisely determine the amount of uninsured deposits due to the lack of information as to the existence of an interest by other parties in certain deposit accounts, the reporting association should be diligent in obtaining its best estimate of its uninsured deposits. It is expected that the estimate being reported should be derived from the reporting association's existing information systems and/or knowledge of its depositor base.

Include deposits collateralized by the association's assets that are in excess of deposit insurance limits.

**SI237: Preferred Deposits**

Report all deposits of states and political subdivisions in the U.S. included in SC710 (Deposits), which are secured or collateralized as required under state law, pursuant to the FDICIA Section 141.

**Do not include:**

1. Deposits of the U.S. Government which are secured or collateralized as required under Federal law; and
2. Deposits of trust funds which are secured or collateralized as required under state law unless the beneficiary is a state or political subdivision in the U.S.

State law may require a savings association to pledge securities (or other readily marketable assets) to cover the uninsured portion of the deposits of a state or political subdivision. If the association has pledged securities with a value that exceeds the amount of the uninsured portion of the state or political subdivision's deposits, only the uninsured amount (and none of the insured portion of the deposits) should be reported as a "preferred deposit." For example, a political subdivision has \$350,000 in deposits at an association which, under state law, is required to pledge securities to cover only the uninsured portion of such deposits (\$250,000 in this example). The association has pledged securities with a value

of \$300,000 to secure these deposits. Only \$250,000 of the political subdivision's \$350,000 in deposits (the uninsured amount) would be considered "preferred deposits."

In other states, savings associations must participate in a state public deposits program in order to receive deposits from the state or from political subdivisions within the state in amounts that would not be covered by federal deposit insurance. Under state law in such states, the value of the securities an association must pledge to the state is calculated annually, but represents only a percentage of the uninsured portion of its public deposits. Associations participating in the state program may potentially be required to share in any loss to public depositors incurred in the failure of another participating institution. As long as the value of the securities pledged to the state exceeds the calculated requirement, all of the association's uninsured public deposits are protected from loss under the operation of the state program if the association fails and, therefore, all of the uninsured public deposits are considered "preferred deposits." For example, an association participating in a state public deposits program has \$1,000,000 in public deposits under the program and \$700,000 of this amount is uninsured. The association's most recent calculation indicates that it must pledge securities with a value of at least \$77,000 to the state in order to participate in the state program. The association has pledged securities with an actual value of \$80,000. The association should report the \$700,000 in uninsured public deposits as "preferred deposits."

## **DEPOSIT AND ESCROW DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENTS:**

### **SI215: Noninterest-bearing Demand Deposits**

Report all demand deposits reported on SC710 (Deposits) and SC783 (Escrows). Demand deposits to be reported on this line are defined in FDIC Regulations 329.1, 329.101, and 329.102.

#### **A demand deposit is a noninterest-bearing deposit:**

1. That has a maturity or required notice period of less than seven days;
2. For which the depository institution does not reserve the right to require at least seven days' written notice prior to withdrawal or transfer of any funds from the account; and
3. From which the depositor is authorized to make, during any month or statement cycle of at least four weeks, more than six transfers or withdrawals provided that more than three of the six authorized transfers or withdrawals are authorized to be made by check, draft, debit card or similar order made by the depositor unless the depositor is allowed to hold a NOW account as specified in 12 U.S.C. Section 1832.

#### **Demand deposits include:**

1. Matured time deposits that do not have automatic renewal provisions, unless the deposit agreement provides for the funds to be transferred at maturity to another type of account;
2. Escrow accounts reported on SC783 that meet the definition of demand deposits; and
3. Outstanding checks drawn against zero-balance accounts (including those at Federal Home Loan Banks) that are reported on SC710.

#### **Demand deposits do not include:**

1. Money market deposit accounts (MMDAs);
2. NOW accounts that do not meet the above definition;

3. Deposits held either in branches outside of the territories and possessions of the U.S. or by an Edge or Agreement Subsidiary or by an International Banking Facility (IBF); and
4. Amounts not included in SC710 or SC783, such as outstanding checks drawn against Federal Home Loan Banks that are reported on SI239 and deposits of consolidated subsidiaries that have been eliminated in consolidation and are reported on SI243.

### **SI239: Outstanding Checks Drawn Against Federal Home Loan Banks and Federal Reserve Banks Not Included in SC710**

Report the amount of outstanding checks drawn on, or payable at or through, Federal Home Loan Banks and Federal Reserve Banks, which have been deducted from the asset reported on SC110 (Cash and Noninterest-earning Deposits) or SC162 (Interest-earning Deposits in FHLBs).

Include outstanding checks drawn on non-zero-balance accounts only; outstanding checks drawn on zero-balance accounts or accounts not routinely maintained with sufficient balances to cover checks drawn in the normal course of business are reported on SC710 (Deposits).

Do not report this amount on SI215 (Noninterest-Bearing Demand Deposits), as SI239 will be added to SI215 in calculating total demand deposits.

### **SI240: Deposits in Lifeline Accounts**

Until the minimum requirements for lifeline accounts are established by the Federal Reserve Board, associations should not report anything in this data field.

Lifeline accounts are transaction accounts that meet certain minimum requirements to be established by the Federal Reserve Board pursuant to Section 232 of the FDIC Improvement Act of 1991. These accounts will be eligible for a reduced deposit insurance assessment rate.

### **Deposits of Consolidated Subsidiaries:**

Report all deposits and escrows of subsidiaries that are consolidated in Schedule SC where such deposits and escrows are held by the reporting association. Include the interest accrued and unpaid on such deposits and escrows.

The deposits, escrows, and accrued interest reported in these data fields have been eliminated in consolidation and are not included in SC710, SC783, or SC763.

If a consolidated subsidiary has escrows held by the reporting association, the deposit at the parent savings association is eliminated in consolidation, but the escrow remains a liability and should be reported on SC783. To avoid double counting of these escrows, do not include them on SI243 or SI244. Report only deposits and escrows that have been completely eliminated and are not reported on either SC710 or SC783.

### **SI243: Demand Deposits**

Report all demand deposits, as defined in SI215, that the savings association holds for consolidated subsidiaries. These deposits are not reported on SC710, SC783 or on SI215.

**SI244: Time and Savings Deposits**

Report all deposits that the savings association holds for its consolidated subsidiaries that are not demand deposits reported on SI243. These deposits are not reported on SC710 or SC783. Also include the interest accrued and unpaid on such deposits and escrows. This accrued interest is not reported on SC763.

**SI245: Adjustments to Deposits for Depository Institution Investment Contracts and Deposits in Foreign Offices, Edge and Agreement Subsidiaries, and IBFs (Including Accrued Interest)**

Report the amount of liabilities arising under the following:

1. Investment contracts that are reported as deposits in Schedule SC, but are not treated as insured deposits (as defined in Section 11(a)(8) of the FDI Act). A "Depository Institution Investment Contract" is a separately negotiated, depository agreement between an employee benefit plan and an insured depository institution that guarantees a specified rate for all deposits made over a prescribed period and expressly permits "benefit-responsive withdrawals or transfers."
2. Deposits held either in branches outside of the territories and possessions of the United States or by an Edge or Agreement Subsidiary, or by an International Banking Facility (IBF), including any accrued interest.

These contracts and deposits are included in SC710 (Deposits) for reporting purposes, but will be deducted from deposits in the computation of the deposit premium assessment. The accrued interest is included in SC763 (Accrued Interest Payable - Deposits), which is also part of the assessment base.

**Amount of assets netted against deposit and escrow liabilities in Schedule SC in accordance with generally accepted accounting principles that cannot be netted for purposes of calculating deposits in accordance with the Federal Deposit Insurance Act:**

**SI247: Netted Against Demand Deposits (including escrows)**

**SI248: Netted Against Time and Savings Deposits (including escrows)**

**To be completed by associations with Oakar deposits:**

- SI255:** Total deposits purchased or acquired from other FDIC insured institutions during the quarter
- SI265:** Amount of purchased or acquired deposits reported in SI255 attributable to a secondary fund (i.e., SAIF members report deposits attributable to BIF; BIF members report deposits attributable to SAIF)
- SI266:** Total deposits sold or transferred during the quarter

**OTHER DATA:****SI350: Approximate Value of Trust Assets Administered**

Report the approximate value of trust assets administered by the reporting association and its consolidated subsidiaries as of the end of the quarter. This amount should reflect the current market value of assets held pursuant to Section 403 of the Depository Institutions Deregulation and Monetary Control Act of 1980 or applicable state authority. Do not include IRA and Keogh accounts reported on SI210 for which the reporting association or its consolidated subsidiaries is a trustee.

**SI370: Number of Full-time Equivalent Employees**

Report the number of full-time equivalent employees employed by the reporting association and its consolidated subsidiaries. Report the actual whole number; do not round to thousands.

**SI375: Assets Held in Trading Accounts**

Trading assets are defined as securities and other assets acquired and held for the purpose of sale in the near term. Trading generally reflects active and frequent buying and selling with the objective of generating profits on short-term price movements.

Trading assets may be any readily marketable asset, such as: government securities, mortgage pool securities, equity securities, bonds, notes, debentures, negotiable certificates of deposit, commercial paper, and bankers acceptances. Mortgage-backed securities that are held in conjunction with mortgage banking activities must be classified as trading assets.

All trading assets are to be reported consistently at fair value whether or not the fair value is above or below cost. Unrealized gains and losses on trading assets are recognized in current earnings on SO485 (Net Income (Loss) from: Trading Assets (Realized and Unrealized)). Fair value adjustments to trading assets must directly adjust the asset balance (i.e., no valuation allowances should be set up on trading

assets). Transfers from a trading classification to held-to-maturity must be recorded at fair value at the time of transfer.

## **SI385: Available-for-Sale Securities**

**(This line will be renamed “Available for Sale Securities and Certain Nonsecurity Financial Instruments” on the 1998 TFR.)**

Report all investments in debt securities (including mortgage securities) not classified as held-to-maturity or as trading, and all investments in equity securities that have readily determinable fair values that are accounted for pursuant to SFAS No. 115 and are not classified as trading. Do not include equity securities for which sale is restricted by governmental or contractual requirement (e.g., FHLB stock).

Available-for-sale securities are reported at fair value. Unrealized gains and losses are excluded from current earnings and reported, net of taxes, as a separate component of equity on SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities) until realized. In addition, report certain nonsecurity financial instruments (CNFIs) classified as available-for-sale pursuant to SFAS No. 115

Securities transferred from the available-for-sale category to held-to-maturity must be transferred at fair value as of the date of transfer.

## **SI387: Assets Held for Sale**

Report all assets held for sale except securities and repossessed assets. Assets held for sale must be reported at the lower of cost or market. Unrealized losses are recognized in current earnings on SO465 (Net Income (Loss) from: LOCOM Adjustments Made to Assets Held for Sale).

Assets transferred from the “for sale” category to an investment account must be transferred at the lower-of-cost-or-market as of the date of transfer.

### **Include:**

1. Loans and participations originated or purchased by the reporting association and its consolidated subsidiaries with the intent to sell;
2. Assets originally held for investment but now held for sale; and
3. Assets held for sale, including real estate and branch offices, whether or not there is an outstanding commitment to sell.

### **Do not include:**

1. Securities, which are reported on SI385; and
2. Repossessed assets.

## **SI390: Loans Serviced for Others**

Report the principal balance of mortgage and nonmortgage whole loans and participating interests in loans serviced by the reporting association and its consolidated subsidiaries, but owned by others.

**Include:**

1. Loans and securities that the reporting association or its consolidated subsidiaries sold to others but for which it performs the servicing; and
2. Loans and securities serviced by the reporting association or its consolidated subsidiaries under a contract to a third party who owns the servicing rights.

**Do not include:**

1. Loans and securities to which the reporting association or its consolidated subsidiaries own the servicing rights but for which servicing has been subcontracted to a third party;
2. Loans and securities serviced for the reporting association by a consolidated subsidiary or a subsidiary depository institution.

**REGULATORY LIQUIDITY:**

Regulatory liquidity is computed for the reporting association consolidated with its operating subsidiaries. Operating subsidiary means any entity that satisfies all of the requirements for an operating subsidiary set forth in OTS Regulation 559.3 and that is designated by the parent savings association as an operating subsidiary. More than 50% of the voting shares of an operating subsidiary must be owned, directly or indirectly, by a federal savings association and no other persons or entity may exercise effective operating control. An operating subsidiary may only engage in activities permissible for a federal savings association. The term "operating subsidiary" does not include entities that meet the definition of a service corporation contained at OTS Regulation 559.2.

**SI500: Average Regulatory Liquidity Ratio**

Report the average regulatory liquidity ratio expressed as a percentage, calculated as follows:

Numerator = sum of each day's balance of assets qualifying for regulatory liquidity.

Denominator = previous quarter's liquidity base multiplied by number of days in current quarter.

The liquidity base is defined in 566.1(c) as net withdrawable accounts plus short-term borrowings. Net withdrawable accounts are defined as all withdrawable accounts less the unpaid balance of loans securing these accounts. Short-term borrowings are defined as all borrowings payable in one year or less.

The following is a list of unpledged assets includable in regulatory liquidity; however, reference must be made to OTS Regulation 566.1(g) for each asset included in the calculation of regulatory liquidity to determine compliance with eligibility criteria:

1. Cash, demand deposits, and time deposits;
2. U.S. Government and Agency securities with a remaining maturity of five years or less (including GNMA, FNMA, and FHLMC mortgage pool securities);
3. State and local obligations with a remaining maturity of two years or less;
4. Federal funds sold, fully collateralized repurchase agreements, bankers acceptances, and commercial paper;
5. Shares in an open-end management investment company (mutual funds) with a portfolio restricted to eligible liquid assets;

6. Corporate debt rated in one of the four highest categories by a nationally recognized rating service with a remaining maturity of three years or less (including corporate bonds and notes, privately issued CMOs, REMICs, and other derivative loan products);
7. FSLIC promissory notes, including those offsetting liabilities and capital instruments;
8. Accrued interest on liquid assets or on assets which would qualify for regulatory liquidity except for their maturity; and
9. Assets which would qualify as liquid assets except for their maturity and are hedged at a value equal to or exceeding their book value by a:
  - a. Forward commitment to sell the asset;
  - b. Futures contract;
  - c. Long put option; or
  - d. Call option that can be exercised within the period appropriate to qualify as a liquid asset.

The following are not eligible for inclusion in regulatory liquidity:

1. Securities pledged as collateral on a margin account;
2. Securities collateralizing repurchase, reverse repurchase, dollar-reverse-repurchase, and fixed coupon agreements;
3. Securities pledged for deposits of public units reported on SC710 (Deposits); and
4. Principal and interest custodial cash accounts, such as for FHLMC, FNMA and GNMA, used to effect timely payments.

## QUALIFIED THRIFT LENDER TEST

### **SI581, SI582, and SI583: Actual Thrift Investment Percentage at Month-end**

To be a Qualified Thrift Lender (QTL), a thrift institution must either meet the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service (IRS) tax code Domestic Building and Loan Association (DBLA) test.

If the reporting association uses the HOLA QTL test, report the ATIP from the OTS QTL worksheets (OTS Form 1427, Rev. 12/96) for the three months. If the reporting association uses the IRS DBLA test, leave lines SI581, 582, and 583 blank.

## **EXTENSIONS OF CREDIT BY THE REPORTING ASSOCIATION (AND ITS CONTROLLED SUBSIDIARIES) TO ITS EXECUTIVE OFFICERS, PRINCIPAL SHAREHOLDERS, DIRECTORS, AND THEIR RELATED INTERESTS AS OF THE REPORT DATE:**

The terms used in this item are defined in Federal Reserve Regulation O.



An “**extension of credit**” is a making or renewal of any loan, a granting of a line of credit, or an extending of credit in any manner whatsoever. Extensions of credit include, among others, loans, overdrafts, cash items, standby letters of credit, and securities purchased under agreements to resell. For lines of credit, the amount to be reported as an extension of credit is normally the total amount of the line of credit extended to the insider, not just the current balance of the funds that have been advanced to the insider under the line of credit. See Section 215.3 of Regulation O.

An “**executive officer**” of the reporting association means a person who participates or has authority to participate (other than as a director) in major policy-making functions of the reporting association or its holding company. See Section 215.2(e) of Regulation O.

A “**director**” of the reporting association means a person who is a director of the association, whether or not receiving compensation, a director of the holding company of which the association is a subsidiary, or a director of any other subsidiary of that holding company. See Section 215.2(d) of Regulation O.

A “**principal shareholder**” of the reporting association means an individual or a company (other than an insured depository institution) that directly or indirectly, or acting through or in concert with one or more persons, owns controls, or has the power to vote more than 10% of any class of voting stock of the reporting association. Shares owned or controlled by a member of an individual's immediate family are considered to be held by the individual. A principal shareholder includes a principal shareholder of a holding company of which the reporting association is a subsidiary and a principal shareholder of any other subsidiary of that holding company. See Section 215.11(a)(1) of Regulation O.

A “**related interest**” means (1) a company (other than an insured depository institution or a foreign bank) that is controlled by an executive officer or principal shareholder or (2) a political or campaign committee that is controlled by or the funds or services of which will benefit an executive officer or principal shareholder. See Section 215.11(a)(2) of Regulation O.

### **SI590: Aggregate amount of all extensions of credit**

Report the aggregate amount outstanding as of the report date of all extensions of credit by the reporting association and its controlled subsidiaries to all of the association's executive officers, principal shareholders, directors, and their related interests.

Include each extension of credit in the aggregate amount only one time, regardless of the number of borrowers.

### **SI595: Number of executive officers, principal shareholders, and directors to whom the amount of all extensions of credit (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of unimpaired capital and unimpaired surplus (CCR30 + CCR35 + CCR530 + CCR105)**

Report the actual number (do not round to thousands) of executive officers, principal shareholders, and directors of the reporting association to whom the amount of all extensions of credit outstanding by the reporting association and its controlled subsidiaries as of the report date equals or exceeds the lesser of \$500 thousand or 5% of unimpaired capital and unimpaired surplus (*i.e.*,  $5\% \times (\text{CCR30} + \text{CCR35} + \text{CCR530} + \text{CCR105})$ ).

For purposes of this item, the amount of all extensions of credit by the reporting association and its controlled subsidiaries to an executive officer, principal shareholder, or director includes all extensions of credit by the reporting association to the related interests of the executive officer, principal shareholder, or director. A single extension of credit to more than one borrower must be included in the amount of all extensions of credit for each executive officer, principal shareholder, and director included in the credit. That is, one loan may be included more than once in the calculation of the \$500 thousand or 5% of unimpaired capital and unimpaired surplus limit, because it will be included for each executive officer, principal shareholder, and director listed on the loan.

## **RECONCILIATION OF EQUITY CAPITAL:**

### **SI600: Beginning Equity Capital**

Report the amount of total equity capital reported on SI680 from the previous quarter end. This amount will be automatically generated by the electronic filing software.

#### **Special instructions for mergers and reorganizations:**

- Pooling Mergers - Report the sum of SI680 of all pooled associations for the previous quarter.
- Purchase Mergers - Report SI680 for the previous quarter for the surviving association only.
- Change of Control involving push-down accounting (including receiverships) - Report SI680 for the previous quarter. Adjustments should be reported on SI660.

### **SI610: Net Income (Loss) (SO91)**

Report the amount of net income (loss) for the quarter from SO91. This amount will be automatically generated by the electronic filing software.

## **Dividends Declared:**

### **SI620: Preferred Stock**

Report the dollar amount of cash dividends declared during the period on preferred stock. These dividends are not charged to interest expense, but directly reduce retained earnings.

#### **Include:**

1. Dividends declared on preferred stock reported on SC812 and SC814;
2. Income payments accrued on funded ICCs reported on SC799;
3. Dividends declared on redeemable preferred stock reported on SC799; and
4. Dividends declared on perpetual preferred stock of consolidated subsidiaries reported on SC799.

### **SI630: Common Stock**

Report the dollar amount of cash dividends declared during the period on common stock reported on SC820. These dividends are not charged to interest expense, but directly reduce retained earnings.

**Do not include:**

1. Stock dividends; or
2. Stock splits

**SI640: Stock Issued**

Report the amount of perpetual preferred stock (both cumulative and noncumulative) and common stock issued during the quarter.

**Include:**

1. Perpetual preferred stock (including discounts and premiums) issued by the reporting association during the quarter that qualifies as equity under GAAP;
2. Common stock issued and paid-in-capital received in connection with the stock issue.

**Do not include:**

1. The conversion of preferred stock into common stock;
2. Gains on treasury stock sold; report on SI670;
3. Capital contributed not connected with a stock issue; report on SI670.

When applying push-down accounting, report the amount paid in a change of control for the reporting association's stock. The previously recorded par value and capital in excess of par value are reported on SI650.

**SI650: Stock Retired**

Report the amount paid for common and perpetual preferred stock retired during the quarter. Report the amount as a positive number.

When applying push-down accounting, report the previously recorded par value and capital paid in excess of par value of the stock acquired by the reporting association's new owners. The amount paid for this stock is reported on SI640.

**SI660: New Basis Accounting Adjustments****Include:**

1. Adjustments made during the period in applying push-down accounting in the change-of-control of the reporting association; and
2. Adjustments made in accounting for an association taken into receivership during the period.

**SI670: Other Adjustments****Include:**

1. Adjustments from retroactively applying a change in promulgated GAAP (e.g., SFAS No. 91, Accounting for Nonrefundable Fees and Cost Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases");

2. The change in SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities);
3. The change in SC890 (Other Components of Equity Capital);
4. Additional contributions of paid-in capital;
5. Issuance costs of common stock offerings;
6. Property distributions to stockholders; the transfer of dividends other than cash should be recorded at the fair value of the asset on the declaration date of the dividend. A gain or loss on the transferred asset must be recognized in the same manner as if the property had been disposed of in an outright sale at or near the declaration date.

**Do not include:**

1. Audit adjustments, prior period adjustments, and corrections to valuation allowances. These must be corrected through an amended report within 60 days of the report date or must be reported currently on Schedule SO. Write-offs of assets and adjustments to valuation allowances must be reported on SO321 (Net Provisions for Losses on Interest-Bearing Assets) or SO570 (Net Provision for Losses on Noninterest-bearing Assets) in the period in which the determination of the loss is made or management notified, even if the actual loss occurred in a prior period.
2. Corrections of accruals. These must be reported in the current period in the same data field in Schedule SO that they would have been reported had the accruals been made when incurred. If the correction causes interest yield or cost of funds to be significantly distorted, the correction should be reported in other noninterest income or expense.

## **SI680: Ending Equity Capital**

Report the sum of SI600, SI610, SI640, SI660 and SI670 less SI620, SI630, and SI650. SI680 must equal SC80 (Total Equity Capital) of the current TFR. This data field is automatically calculated by the filing software.

## **ASSET REPRICING/MATURING DATA**

The data on SI710 through SI740 is required pursuant to OTS Regulation 567.7(b), which provides for the filing of selected information on interest rate risk exposure for those savings associations exempt from filing Schedule CMR (see General Instructions, Item 7).

## **SI700: Will the reporting association file Schedule CMR for this quarter?**

**Check “Yes” if:**

the reporting association is required to file Schedule CMR or will file Schedule CMR this quarter on a voluntary basis.

**Check “No” if:**

the reporting association is not required to file Schedule CMR and is not voluntarily filing Schedule CMR this quarter.

A savings association is deemed required to file Schedule CMR if it does not meet the criteria for exemption (see General Instructions, Item #7) or if required to file by the OTS Regional Director.

If the response to this question is "Yes," lines 710 through 740 are not required to be completed. If the response to this question is "No," lines 710 through 740 must be completed.

### **Assets Repricing/Maturing in Three Years or Less:**

Report outstanding balances; do not deduct unamortized yield adjustments, loans in process, valuation allowances, or any other contra-assets.

#### **SI710: Mortgage Loans and Securities**

Report the outstanding balance of mortgage loans and mortgage pool securities that will reprice in three years or less. Include single-family, multifamily, nonresidential, land, second mortgage loans, and construction loans, and securities backed by such loans, of the types reported in SC210, SC215 and SC230 through SC265.

#### **SI720: Nonmortgage Loans, Interest-Earning Deposits, and Investment Securities**

Report the outstanding balance of nonmortgage loans, interest-earning deposits and investment securities that will reprice in three years or less. Include deposits and securities of the types reported in SC120 through SC136, and SC150 through SC185 and loans of the types reported in SC300 through SC306 and SC310 through SC345.

### **Assets Repricing/Maturing in More Than Three Years:**

Report outstanding balances; do not deduct unamortized yield adjustments, loans in process, valuation allowances, or any other contra-assets.

#### **SI730: Mortgage Loans and Securities**

Report the outstanding balance of mortgage loans and mortgage pool securities of the types described in the instructions for SI710 that will reprice in more than three years.

#### **SI740: Nonmortgage Loans, Interest-earning Deposits, and Investment Securities**

Report the outstanding balance of nonmortgage loans, interest-earning deposits and investment securities of the types described in the instructions for SI720 that will reprice in more than three years.

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## **MUTUAL FUND AND ANNUITY SALES DURING THE QUARTER (INCLUDE PROPRIETARY, PRIVATE LABEL, AND THIRD PARTY MUTUAL FUNDS):**

Report the following data at the fully consolidated level except as noted in this paragraph. Generally, subsidiaries that are federally insured depository institutions should not be consolidated. This includes BIF and SAIF-insured subsidiaries as well as SAIF-insured associations that are subsidiaries of a commercial bank. In the case where the parent depository institution has primary responsibility for the mutual fund program, the information should be reported in the parent institution's regulatory report. Data should not be reported twice, *i.e.*, in both the parent and subsidiary's regulatory reports. The data in this section also includes data from affiliates of the reporting association as described below.

Report in the appropriate sub-item the amount of mutual fund and annuity sales activity during the quarter. These sales may be made by the reporting association, through a subsidiary, or by affiliated and unaffiliated entities. For purposes of this item, sales should be measured in terms of principal sales dollars, not sales revenue.

In general, include all sales of proprietary, private label, and other (*i.e.*, third party) mutual funds and annuities that take place on association premises and all other sales for which income is received at the time of the sale, over the duration of the account (*e.g.*, annual fees, Rule 12(b)1 fees or "trailer fees," and redemption fees) or from leasing arrangements. Also include sales that are made by an entity that is located off-site and not on association premises when the entity receives customer referral from the association and these referrals are the basis upon which the association receives income. Include sales conducted through the reporting association's trust department that are not executed in a fiduciary capacity (*e.g.*, trustee, executor, administrator, conservator), but exclude sales conducted by the trust department that are executed in a fiduciary capacity. Include sales to both retail customers and institutional investors as well as sales of no-load products. When reporting sales by affiliated and unaffiliated entities, associations may rely on the sales information provided by these entities when completing this item.

The following are some examples of the types of transactions to be reported as sales (when the above conditions are met): initial and subsequent mutual fund and annuity purchases, exchanges within a family of funds, reinvestment of income (dividends and capital gains), and sweep account activity. Sales should be reported gross and not net of redemptions. However, with respect to sweep accounts, report the average amount of funds swept into the money market fund each day during the quarter and not the aggregate total amount of funds swept into the money market fund during the quarter. The average may be computed from the amount of funds swept into the money market fund for each day for the calendar quarter or from the amount of funds swept into the money market fund on each Wednesday during the calendar quarter.

For example, the reporting association has one sweep account and uses the Wednesday reporting option. There are 13 Wednesdays during the quarter. The following amounts were swept into the money market fund each Wednesday during the quarter: Week 1: \$1,000; Week 2: \$5,000; Week 3: \$0; Week 4: \$4,000; Week 5: \$5,000; Week 6: \$4,000; Week 7: \$3,000; Week 8: \$0; Week 9: \$3,000; Week 10: \$2,000; Week 11: \$3,000; Week 12: \$4,000; Week 13: \$5,000. The average amount of funds swept into the money market fund on each Wednesday during the quarter was \$3,000 (*i.e.*, the sum of the amounts for weeks 1-13, \$39,000, divided by 13).

Mutual fund is the common name for an open-end investment company whose shares are sold to the investing public. An annuity is an investment product, typically underwritten by an insurance company, that pays either a fixed or variable payment stream over a specified period of time. Both proprietary and private label mutual funds and annuities are established in order to be marketed primarily to a savings association's or its organization's customers. A proprietary product is a product for which the reporting association or a subsidiary or other affiliate of the reporting association acts as investment adviser and

may perform additional support services. In a private label product, an unaffiliated entity acts as the investment adviser. The identity of the investment adviser is normally disclosed in the prospectus for a mutual fund or annuity. Mutual funds and annuities that are not proprietary or private label products are considered third party products. For example, third party mutual funds and annuities include products that are widely marketed by numerous parties to the investing public and have investment advisers that are not affiliated with the reporting association.

In a situation where Savings Associations A, B, C, and D are subsidiaries of a holding company and Association A advises a family of mutual funds sold by all four associations in the holding company and Association A receives an advisory fee for mutual funds sold by all four associations, Association A should not include the amount of mutual funds sold during the quarter (and reported) by Associations B, C, and D in the amount of mutual fund sales it reports during the quarter. Association A should report only the mutual funds it has sold during the quarter. In addition, for all four associations, this family of mutual funds would be considered proprietary funds.

### **SI800: Money Market Funds**

Report the amount of sales during the quarter of mutual funds that, based on their investment objectives, can be best characterized as money market mutual funds. Money market mutual funds are mutual funds which invest exclusively in short-term debt securities with the objective of providing liquidity and preserving capital while also earning income.

### **SI810: Equity Securities Funds**

Report the amount of sales during the quarter of mutual funds that, based on their investment objectives, can best be characterized as equity securities funds. Equity securities funds are mutual funds that invest primarily in equity securities (e.g., common stock).

### **SI820: Debt Securities Funds**

Report the amount of sales during the quarter of mutual funds that, based on their investment objectives, can best be characterized as debt securities funds. Debt securities funds are mutual funds that invest primarily in debt securities (e.g., corporate bonds, U.S. Government securities, municipal securities, mortgage-backed securities).

### **SI830: Other Funds**

Report the amount of sales during the quarter of mutual funds that, based on their investment objectives, cannot properly be reported in one of the three preceding items. Other funds may include mutual funds that invest in a mix of debt and equity securities.

### **SI840: Annuities**

Report the amount of sales during the quarter of annuities, including variable annuities.

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**SI850: Sales of proprietary mutual funds and annuities Included on Lines 800 thru 840 Above**

Report the total sales during the quarter of proprietary mutual funds and annuities. These sales will also have been included on lines 800 through 840.

A proprietary product is a product for which the reporting association or a subsidiary or other affiliate of the reporting association acts as investment adviser and may perform additional support services. The identity of the investment adviser is normally disclosed in the prospectus for a mutual fund or annuity. Proprietary mutual funds and annuities are established in order to be marketed primarily to an association's customers. In general, proprietary mutual funds and annuities are created by large holding companies and offered to customers of the organization's subsidiary savings associations. Therefore, small, independent savings associations are not normally involved in the sale of proprietary mutual funds and annuities.

Associations that do not sell proprietary mutual funds and annuities should report a zero in this item.

**SI860: Fee Income From the Sale and Servicing of Mutual Funds and Annuities**

Report the amount of income earned by the reporting association during the quarter from the sale and servicing of mutual funds and annuities.

In general, this income will have been included in the amount reported on SO420 (Other Fees and Charges). The income to be included in this item should be reported gross rather than net of expenses incurred by the reporting association or a consolidated subsidiary.

**Include:**

1. Income earned in connection with mutual funds and annuities that are sold on association premises or sold by the reporting association, through a subsidiary, or by affiliated or unaffiliated entities from whom the association receives income. This income may be in the form of fees or sales commissions at the time of the sale or fees, including a share of another entity's fees, that are earned over the duration of the account (e.g., annual fees, Rule 12b-1 fees or "trailer fees," and redemption fees). Commissions should be reported as income when earned at the time of the sale (*i.e.*, on an accrual basis), but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.
2. Income from leasing arrangements with affiliated and unaffiliated entities who lease space in association offices for use in selling mutual funds and annuities. Income from leasing arrangements should be reported as income when earned (*i.e.*, on an accrual basis), but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.
3. Fees for providing investment advisory services for mutual funds and annuities that are sold on association premises or sold by the reporting association, through a subsidiary, or by affiliated or unaffiliated entities from whom the association receives income.
4. Fees for providing securities custody, transfer agent, and other operational and ancillary services to mutual funds and annuities that are sold on bank premises or sold by the reporting association, through a subsidiary, or by affiliated or unaffiliated entities from whom the association receives income.



5. Income from sales conducted through the reporting association's trust department that are not executed in a fiduciary capacity (e.g., trustee, executor, administrator, conservator), but exclude sales conducted by the trust department that are executed in a fiduciary capacity.

**Do Not Include:**

Fees earned for services provided to mutual funds that are not sold by the reporting association, through a subsidiary, or by affiliated or unaffiliated entities with whom the association has sales relationships.

## **SCHEDULE SQ — CONSOLIDATED SUPPLEMENTAL QUESTIONS**

Indicate whether an activity occurred during the period by placing an "X" in either the "Yes" or "No" column of each question; no question which can be answered with a "yes" or "no" should be left blank. Check "Yes" if there is any doubt as to whether an activity occurred during the quarter. Questions 100 through 300 should be completed for the reporting savings association only, and not for its consolidated subsidiaries. Question 310 applies to both the reporting association and its consolidated subsidiaries.

**SQ100: Did the reporting association acquire any assets through merger?**

**SQ110: Did the reporting association include in this balance sheet for the first time assets and/or liabilities acquired as a result of a branch or other bulk deposit purchase?**

**Has there been:**

**SQ130: a change in control of the association?**

Check "Yes" if there has been any change in the power, directly or indirectly, to direct the management or policies of the savings association. Stock savings associations should indicate "Yes" if there has been any change in the power to vote 10 percent or more of any class of their voting securities. Refer to Section 563.181 of the Insurance Regulations for definitions with respect to change in control.

**SQ160: a merger accounted for under the purchase method?**

Check "Yes" if during the quarter the reporting association acquired another savings association whose assets and liabilities are reported on the reporting savings association's current TFR using the purchase method of accounting.

**Do not check “Yes” for:**

1. A change in control in which push-down accounting was used;
2. An acquisition of a subordinate organization; or
3. An acquisition of a branch.

**SQ170: If the reporting association restated its balance sheet for the first time this quarter as a result of applying push-down accounting, enter the date of the reorganization (MMDDYY).**

Report the date (month, day, and year) of the acquisition of the reporting savings association if push-down accounting was applied this quarter. This should be reported only during the quarter that push-down accounting is first applied, and should be entered even if push-down accounting is being applied retroactively. For example, if the acquisition took place on December 10, 1996, but the reporting savings association's balance sheet was restated for the first time in February 1997, enter 12 10 95 on the March 1997 TFR.

**SQ270: Reporting association's fiscal year-end**

Enter the month for the association's current fiscal year-end.

**SQ280: Code representing nature of work to be performed by independent public accountants for the current fiscal year**

Indicate in this data field the code for the statement below that best describes the level of audit or other attestation work to be performed by an independent public accountant as of the end of the association's current fiscal year. The current fiscal year is the 12-month period which includes the quarter being reported on.

- 07 We do not plan to have an audit or other attestation work by an independent public accountant.
- 08 We do not plan to have an audit. However, we do plan to have other attestation work (*i.e.*, review, compilation, or agreed-upon procedures) performed, and reported on, by an independent public accountant.
- 09 We plan to have an audit of, and receive a report on, only the holding company's consolidated financial statements by an independent public accountant.

Use this code where plans are for an audit of, and report on:

- a. **Only** the holding company's consolidated financial statements, and therefore
- b. **Not** the association's "separate" financial statements.

The holding company's consolidated financial statements include, by consolidation, the association's financial statements. (Use code 10 for an audit of, and report on, the association's "separate" financial statements.)

- 10 We plan to have an audit of, and receive a report on, the association's financial statements by an independent public accountant.

Use this code where plans are for an audit of, and report on:

- a. **Only** the association's "separate" financial statements, or
- b. **Both** the association's "separate" financial statements, and the holding company's consolidated financial statements.

Use code 09 for an audit of, and report on, only the holding company's consolidated financial statements.

**SQ300: Did the reporting association change its independent public accountant during the quarter?**

Check "yes" if the reporting association:

- Gave notice to its prior independent public accountant terminating its engagement; and/or
- Engaged a successor accountant.

**SQ310: Did the reporting association and its consolidated subsidiaries have any outstanding futures or options positions at quarter end?**

**SQ410: Has the reporting association been consolidated with its parent in another TFR? If so, enter the OTS docket number of the parent savings association.**

**SQ420: Has the reporting association been consolidated with its parent in a Commercial Bank Call Report? If so, enter the FDIC certificate number of the parent commercial bank.**



## SCHEDULE YD — YIELDS ON DEPOSITS

Data reported in this schedule should be for the reporting savings association only. Do not include yields on deposits of subsidiary depository institutions.

This schedule requests information about effective interest rates paid on new deposits received for selected types of accounts during the last seven calendar days of the quarter. Report the most frequently paid effective interest rate on new deposits received, including renewals and roll-overs.

Report the effective interest rate per annum on new deposits or certificates renewed during the last seven days of the quarter, including brokered deposits. Do not report average interest rates for new funds received or rates on outstanding balances.

1. If more than one rate was paid for the specific account during this period, report the rate paid on the largest dollar amount of new deposits;
2. If the reporting association did not offer the specified account during this period, enter 0.00;
3. If the reporting association offered an account but did not receive new deposits during this period, enter the interest rate offered.

Enter the interest rate to the nearest one-hundredth of a percentage point. (For example, report ten and one-quarter percent as 10.25; report ten and five-eighths percent as 10.63.)

Interest rates paid on interest-bearing transaction (NOW/Super-NOW) accounts and on money market deposit accounts may fluctuate more often than the rates paid on other interest-bearing deposits. Therefore, if the reporting association cannot supply a most common rate for the last seven days of the quarter on such accounts because of frequent interest-rate changes, report the most common interest rate paid on the last day of the quarter.

### INTEREST RATE YIELD ON NEW DEPOSITS RECEIVED:

#### YD110: Interest-Bearing Transaction Accounts (NOW/Super-NOW)

Include accounts, as defined in OTS Regulation 561.29, on which the association reserves the right to require at least seven days' notice prior to withdrawals or transfer of any funds in such accounts. Include all accounts satisfying the minimum requirements specified in the regulations, including those on which additional restrictions and requirements (e.g., minimum balance requirement) may have been placed by the reporting association.

**YD120: Money Market Deposit Accounts (MMDAs)**

Include accounts, as defined in OTS Regulation 561.28, if issued subject to the following limitations:

1. The association reserves the right to require at least seven days' notice prior to withdrawal or transfer of any funds in such accounts;
2. The association is not obligated to pay the same rate for a period longer than one month; and
3. The savings association limits the number of transfers (including telephone transfers) to six, with no more than three transfers in the form of drafts per month.

Include all accounts satisfying the minimum criteria specified in the regulations, including those on which additional restrictions and requirements (e.g., minimum balance requirement) may have been placed by the reporting association.

**Fixed-Rate, Fixed-Term Certificate Accounts, Classified by Balance and Original Maturity:**

A fixed-rate instrument has the same rate of return over the life of the instrument; a variable-rate instrument has a rate of return that may vary over the life of the instrument. In determining whether a deposit instrument pays a fixed or variable rate, ignore the effect of "bonus" rates (i.e., a higher rate paid during the first few months of the instrument).

Fixed-term certificates include accounts that (1) contractually mature (expire) at a specific date; (2) require written notice for a specific period before withdrawal (notice accounts), or (3) require consecutive monthly payments.

**Balances of \$100,000 or less:**

**YD130: 32-91 Days**

**YD140: 92-182 Days**

**YD150: 183 Days Through 1 Year**

**YD160: Over 1 Year Through 2 Years**

**YD170: Over 2 Years Through 3 Years**

**YD180: Over 3 Years**

**Balances Greater Than \$100,000:**

**YD220: Up to 1 Month**

**YD230: Over 1 Month Through 2 Months**

**YD240: Over 2 Months Through 3 Months**

**YD250: Over 3 Months Through 6 Months**

**YD260: Over 6 Months Through 12 Months**





## SCHEDULE SB — CONSOLIDATED SMALL BUSINESS LOANS

### LOANS TO SMALL BUSINESSES AND SMALL FARMS:

The following data is to be completed for the savings association and its consolidated subsidiaries annually at June 30 to comply with Section 122 of the FDIC Improvement Act.

This schedule will not be completed if (a) the reporting association and its consolidated subsidiaries have no loans reported on SC260, 300, 303, or 306; or (b) the only business loans of the reporting association and its consolidated subsidiaries have “original amounts” (as defined below) in excess of \$1 million and/or the only farm loans have “original amounts” (as defined below) in excess of \$500 thousand.

In reporting the number and amount currently outstanding of business loans with “original amounts” of \$1 million or less and farm loans with “original amounts” of \$500 thousand or less, the following guidelines should be used:

1. For loans drawn down under lines of credit or loan commitments, the “original amount” of the loan is the amount when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the “original amount” is the amount currently outstanding.
2. For loan participations and syndications, the “original amount” of the loan participation or syndication is the entire amount of the credit originated by the lead lender.
3. For all other loans, the “original amount” is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

The “amount outstanding” is the amount reported on Schedule SC as of the report date and should be reported net of loans in process, specific valuation allowances, and yield adjustments (to the extent possible).

The “number of loans” should be the actual number and should not be rounded to thousands.

Do not include loans to subsidiaries eliminated in consolidation.

Except as noted below for “corporate” or “business” credit card programs, when determining “original amounts” and reporting the number and amount currently outstanding for a category of loans in this schedule, **multiple loans to one borrower should be combined and reported on an aggregate basis** rather than as separate individual loans, to the extent that the loan systems in which the reported

data are maintained can provide aggregate individual borrower data without undue cost to the association. However, if the burden of such aggregation would be excessive, the association may report multiple loans to one borrower as separate individual loans.

An association that offers "corporate" or "business" credit card programs under which credit cards are issued to one or more of a company's employees for business-related use should treat each company's entire credit card program as a single extension of credit. The credit limits for all of the individual credit cards issued to the company's employees should be totaled, and this total should be treated as the "original amount" of the "corporate" or "business" credit card program established for this company. The company's program should be reported as **one** loan and the amount currently outstanding would be the sum of the credit card balances as of the June 30 report date on each of the individual credit cards issued to the company's employees. However, when aggregated data for each individual company in a "corporate" or "business" credit card program are not readily determinable from the association's credit card records, the association should develop reasonable estimates of the number of "corporate" or "business" credit card programs in existence as of the report date, the "original amounts" of these programs, and the "amounts currently outstanding" of these programs and should then report information about these programs on the basis of its reasonable estimates. In no case should individual credit cards issued to a company's employees under a "corporate" or "business" credit card program be reported as separate individual loans to small businesses.

**SB100: Does the reporting association have any loans secured primarily by farms reported on SC260 or any loans to finance agricultural production or other loans to farmers reported on SC300, 303, or 306?**

This question should be answered "Yes" only if the agricultural and farm loans had original amounts, as defined above, of \$500 thousand or less.

If yes, complete lines 300 through 650 (do not complete 110 thru 210). If no, complete the following item, 110.

**SB110: Are all or substantially all of the association's commercial loans (Schedule SC lines 260, 300, 303, and 306) loans with original amounts of \$100,000 or less?**

If (a) the average size of the amount currently outstanding for your association's commercial, nonfarm loans reported on Schedule SC lines 260, 300, 303, and 306 is \$100 thousand or less **and** (b) your lending officers' knowledge of your association's loans or other relevant information pertaining to commercial loans indicates that all or substantially all of the dollar volume of your association's commercial loans have "original amounts" (as described above) of \$100 thousand or less, indicate "yes" and complete the following lines, 200 and 210, only. Otherwise, indicate "no" and complete lines 300 through 450.

**SB200: Number of loans reported on line SC260**

Report the actual number (do not round to thousands) of loans reported on SC260 (Permanent Mortgages on Nonresidential Property). This line is only completed if line 100 is "no" and 110 is "yes"; i.e., all of the loans reported on SC260, 300, 303, and 306 are nonfarm loans and substantially all of the "original amounts" of the loans are \$100 thousand or less.

**SB210: Number of loans reported on SC300, 303, and 306**

Report the actual number (do not round to thousands) of loans reported on SC300, 303, and 306 (Nonmortgage Commercial Loans). This line is only completed if line 100 is "no" and 110 is "yes"; *i.e.*, all of the loans reported on SC260, 300, 303, and 306 are nonfarm loans and substantially all of the "original amounts" of the loans are \$100 thousand or less.

**NUMBER AND AMOUNT OUTSTANDING OF PERMANENT MORTGAGE LOANS SECURED BY NONFARM, NONRESIDENTIAL PROPERTIES REPORTED ON SC260:****Number of Loans with Original Amounts of:**

**SB300:** \$100,000 or less

**SB320:** Greater than \$100,000 thru \$250,000

**SB340:** Greater than \$250,000 thru \$1 million

**Outstanding Balance with Original Amounts of:**

**SB310:** \$100,000 or less

**SB330:** Greater than \$100,000 thru \$250,000

**SB350:** Greater than \$250,000 thru \$1 million

**NUMBER AND AMOUNT OUTSTANDING OF NONMORTGAGE, NONAGRICULTURAL COMMERCIAL LOANS REPORTED ON SC300, 303, AND 306:****Number of Loans with Original Amounts of:**

**SB400:** \$100,000 or less

**SB420:** Greater than \$100,000 thru \$250,000

**SB440:** Greater than \$250,000 thru \$1 million

**Outstanding Balance with Original Amounts of:****SB410: \$100,000 or less****SB430: Greater than \$100,000 thru \$250,000****SB450: Greater than \$250,000 thru \$1 million****NUMBER AND AMOUNT OUTSTANDING OF LOANS SECURED  
PRIMARILY BY FARMS REPORTED ON SC260:****Number of Loans with Original Amounts of:****SB500: \$100,000 or less****SB520: Greater than \$100,000 thru \$250,000****SB540: Greater than \$250,000 thru \$500,000****Outstanding Balance with Original Amounts of:****SB510: \$100,000 or less****SB530: Greater than \$100,000 thru \$250,000****SB550: Greater than \$250,000 thru \$500,000**

**NUMBER AND AMOUNT OUTSTANDING OF NONMORTGAGE,  
COMMERCIAL LOANS TO FINANCE AGRICULTURAL PRODUCTION  
AND OTHER NONMORTGAGE COMMERCIAL LOANS TO FARMERS  
REPORTED ON SC300, 303, AND 306:**

**Number of Loans with Original Amounts of:**

**SB600: \$100,000 or less**

**SB620: Greater than \$100,000 thru \$250,000**

**SB640: Greater than \$250,000 thru \$500,000**

**Outstanding Balance with Original Amounts of:**

**SB610: \$100,000 or less**

**SB630: Greater than \$100,000 thru \$250,000**

**SB650: Greater than \$250,000 thru \$500,000**



## **SCHEDULE CSS — SUBORDINATE ORGANIZATION SCHEDULE**

**This schedule is to be completed annually as of December 31.**

Report the requested data as of December 31 for all active subordinate organizations owned directly or indirectly by the reporting savings association, including any shell organizations owning active entities. Include subsidiary depository institutions. Ownership interest in entities designated as pass-through investments as described in OTS Regulation 560.32 should not be listed on this schedule.

### **CSS010: Entity Tax ID #**

Report the taxpayer identification number (EIN) of the entity.

### **CSS020 Entity Name**

Report the legal name of the entity.

### **CSS025: Street Address**

Report the street address of the entity's headquarters, if located within the United States or its possessions. If located within a foreign country, report the street address and city (abbreviate if necessary).

### **CSS030: City**

Report the city where the entity has its headquarters, if located within the United States or its possessions. The city must correspond to the street address reported on CSS025. If located within a foreign country, report only the name of that country.

### **CSS040: State**

Report the abbreviation for the state in which the headquarters of the entity is located. The state must correspond to the city address reported on CSS030. Report 99 if located within a foreign country.



**CSS045: Zip Code**

Report the zip code for the entity's headquarters. The zip code must correspond to the address reported on CSS025 through CSS040. Report "99999" if located within a foreign country that does not have a five-digit zip code.

**CSS050: Tax ID # of Immediate Parent**

For first-tier subordinate organizations or a depository institution owned directly or indirectly by the reporting association, report the docket number of the parent savings association. For lower-tier entities (as defined in OTS Regulation 559.2), report the taxpayer identification number (EIN) of the immediate parent of the entity within the reporting savings association's organizational structure. For lower-tier entities, the taxpayer ID number entered here will also appear as a taxpayer ID number on CSS010.

If a subordinate organization is owned by two or more parents in the tier structure of the reporting savings association, report the taxpayer ID number of the parent with the largest percent ownership. If two or more parents in the tier structure of the reporting association have the same percent ownership, choose one and report the taxpayer ID number for the parent chosen.

**CSS060: Name of Immediate Parent**

Report the legal name of the immediate parent reported on CSS050.

**CSS070: % Ownership by Immediate Parent**

Report the percent ownership by the immediate parent reported in CSS050 and CSS060. Report the number as a whole-number percentage (*i.e.*, report 2/3's as 67 not as 0.67 or 66.7).

**CSS080: Type of Entity**

Report the code for the type of entity described below.

**Code 11**      ***Operating Subsidiary (Includes entities formerly defined as finance subsidiaries)***  
Operating subsidiary as defined in OTS Regulation 559.2 means any entity that satisfies all of the requirements for an operating subsidiary under OTS Regulation 559.3 and that is designated as an operating subsidiary by the parent savings association. More than 50% of the voting shares of an operating subsidiary must be owned, directly or indirectly, by a federal savings association, and no other person or entity may exercise effective operating control. An operating subsidiary may only engage in activities permissible for a federal savings association.

Do not include entities that meet the criteria for a "lower-tier operating subsidiary;" report as Code 12.

**Code 12**      ***Lower-tier Operating Subsidiary***  
An operating subsidiary as defined above (under Code 11) that is owned indirectly by the reporting savings association.

**Code 13**      ***Service Corporation***  
A service corporation is any entity that satisfies all of the requirements for service corporations in 12 U.S.C. 1464(c)(4)(B) of the Home Owners' Loan Act and OTS

Regulation 559.3 and that is designated as a service corporation by the investing savings association.

**Code 14      *Lower-tier Entity Qualifying as a “Subsidiary”***

As defined in OTS Regulation 559.2, a lower-tier entity includes any company in which an operating subsidiary or a service corporation has a direct or indirect ownership interest. Further, a lower-tier entity qualifies as a subsidiary if the entity is controlled directly or indirectly by the reporting savings association. The term “control” is defined in Part 574 of the OTS Regulations.

Do not include entities that do not meet these criteria; report as Code 15, “Lower-tier Entity Not Qualifying as a ‘Subsidiary.’”

**Code 15      *Lower-tier Entity not Qualifying as a “Subsidiary”***

A lower-tier entity (as defined in OTS Regulation 559.2) does not qualify as a subsidiary if it is not controlled directly or indirectly by the reporting savings association. The term “control” is defined in Part 574 of the OTS Regulations.

## **CSS100 through CSS103:    Type of Business**

Report the code that describes the type of activity (or activities) in which the entity engages (maximum of 4), which should be consistent with the activities listed in filings made to the OTS under Part 559 of the OTS Regulations for establishing or acquiring a subordinate organization or conducting new activities through an existing subordinate organization. If more than one activity is listed, report the activity generating the largest revenue first, the second largest revenue second, and so forth. Use the list of preapproved activities contained at OTS Regulation 559.4 as a reference for reporting activity codes.

**Code 01      *Not Used***

**Code 02      *Not Used***

**Code 03      *Issuing Notes, Bonds, Debentures or Other Obligations or Securities***

**Code 04      *Community Development or Charitable Activities***

**Code 05      *Stored Value Instrument Sales***

**Code 06      *Financial advice or consulting***

**Code 07      *Securities Brokerage and Related Investment Advisory Services***

**Code 08      *Software Development and Systems Integration***

**Code 09      *Not Used (See CSS080, Codes 11 and 12 for Operating Subsidiaries)***

**Code 10      *Subsidiary Depository Institution***

A depository institution (e.g., savings association, state savings bank, national bank) that is owned by a savings association (or a subsidiary of a savings association), and operated as a subsidiary.

**Code 11      *Not Used (See CSS080, Code 11 for Operating Subsidiaries)***

**Code 12      *Risk-Controlled Arbitrage***

**Code 13      *Real Estate Development and Sales***

**Code 14      *Acquiring Improved Real Estate or Manufactured Homes for Sale or Rental***

**Code 15      *Property Management and Maintenance***

**Code 16      *Mortgage Lending***

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<b>Code 17</b>	<b><i>Mortgage Banking</i></b>
<b>Code 18</b>	<b><i>Commercial Lending</i></b>
<b>Code 19</b>	<b><i>Consumer Lending</i></b>
<b>Code 20</b>	<b><i>Insurance Brokerage, Agency</i></b>
<b>Code 21</b>	<b><i>Escrow, Trust, and Fiduciary Services</i></b>
<b>Code 22</b>	<b><i>Appraisal, Inspection Services</i></b>
<b>Code 23</b>	<b><i>EDP, RSU Services</i></b>
<b>Code 24</b>	<b><i>Not Used (See Code 99 for Other Activities)</i></b>
<b>Code 25</b>	<b><i>Reinsurance</i></b>
<b>Code 99</b>	<b><i>Other (Formerly Code 24)</i></b>

Use this code only when the activity engaged in does not fit into any of the categories listed above. Report the type of business in CSS115.

### **CSS110: Identification Number of Subsidiary Depository Institution**

If Code 10 is entered on CSS100 through CSS103, report the subsidiary depository institution's OTS docket number or, if there is no OTS docket number, the FDIC certificate number.

### **CSS115: Other Business Type**

If Code 99 is entered on CSS100 through CSS103, describe the type of activity (twenty spaces).

### **CSS120: Total Assets**

Report the total assets of the entity as of the reporting date. Do not consolidate lower-tier entities.

### **CSS130: Total Liabilities**

Report the total liabilities of the entity as of the reporting date. Do not consolidate lower-tier entities.

### **CSS140: Total Capital**

Report the capital of the entity as of the reporting date. Do not consolidate lower-tier entities.

### **CSS150: Net Income (Loss) For the Calendar Year**

Report the net income (loss) of the entity on a stand-alone basis (*i.e.*, unconsolidated) for the year ending December 31.

### **CSS160: Gross Commitments and Contingent Liabilities**

Report the outstanding gross commitments and contingent liabilities, including all transactions with affiliates.

**Include:**

1. Gross commitments to originate, sell or purchase loans and securities;
2. Gross commitments to purchase or sell real estate;
3. Loans closed, but not yet disbursed (Loans-in-Process);
4. Unused lines of credit; and
5. Total contingent liabilities.

**Examples of contingent liabilities include:**

- Guarantees of indebtedness to others;
- Standby letters of credit;
- Loans sold with recourse; and
- Litigation claims and/or assessments.



# SCHEDULE CCR — CONSOLIDATED CAPITAL REQUIREMENT

## GENERAL INSTRUCTIONS

The consolidated capital requirement is based on the OTS capital rule, 12CFR Part 567, which establishes the following three standards that a savings association must satisfy in order to meet its capital requirement:

1. **Tangible capital standard expressed as a percentage of tangible assets (1.5%);**
2. **Leverage ratio of core (Tier 1) capital to adjusted tangible assets (3%); and**
3. **Risk-based capital standard expressed as a percentage of risk-weighted assets (8%).**

The calculation of Tier 1 capital is the same for the leverage ratio requirement and the risk-based capital requirement.

All data is generally reported on a consolidated basis for all subsidiaries that an association would consolidate under generally accepted accounting principles (GAAP).

The OTS Subsidiary And Equity Investments Rule adopted in December 1996 changed the definition of subsidiary for purposes of the OTS capital rule to the following:

The term “**subsidiary**” means any corporation, partnership, business trust, joint venture, association or similar organization in which a savings association directly or indirectly holds an ownership interest and the assets of which are consolidated with those of the savings association for purposes of reporting under GAAP. Generally these are majority-owned subsidiaries.

This definition does not include ownership interests that were taken in satisfaction of debts previously contracted, provided that the reporting association has not held the interest for more than five years or a longer period approved by the OTS.

Investments in entities not constituting subsidiaries under this definition generally are treated as equity investments for capital purposes.

Following is the treatment of debt and equity investments in subsidiaries and other subordinated organizations in computing regulatory capital:

1. Includable subsidiaries are consolidated in accordance with GAAP.

2. Debt and equity investments in nonincludable subsidiaries are deducted in full (100%) from assets and capital. All previously applicable transition provisions have expired.
3. Nonincludable equity investments in subordinate organizations constituting subsidiaries are deducted fully (100%) in computing total capital for the risk-based capital standard.

**Nonincludable subsidiaries** generally include subsidiaries engaged as principal in activities not permissible for a national bank. "Nonincludable" subsidiaries are defined in the instructions for CCR105. A subsidiary of a savings association is deemed "nonincludable" if any of its consolidated assets are "nonincludable." Nonincludable equity investments include investment in subordinate organizations (not qualifying as subsidiaries) that are engaged in nonincludable activities.

**Note: Savings associations with investments in subsidiaries where the investment is fully covered by the FDIC should not consolidate such subsidiaries in this schedule. All FDIC-covered assets are included in the 0% risk-weight category and reported on CCR410 (FSLIC Covered Assets).**

Investments in **mutual funds** and certain asset pools are dealt with in these instructions according to the characteristics of the assets in the portfolio of the fund. Where the portfolio of the mutual fund consists of various assets that would be treated differently under the capital requirement, the entire ownership interest in the mutual fund will be risk-weighted based on the category of the asset with the highest capital requirement (e.g., highest risk-weight or subject to deduction). As permitted by Regulation 567.6(a)(1)(vi)(c), on a case-by-case basis, OTS may allow the reporting savings association to assign the portfolio proportionately to the various risk-weight categories based in the proportion in which the risk-weight categories are represented by the composition of assets in the portfolio.

The term "**lower-tier**" subsidiaries as used in these instructions refers to subsidiaries in which the savings association does not directly hold an ownership interest; rather, the ownership interest is held, directly or indirectly, by a service corporation or operating subsidiary.

## TANGIBLE CAPITAL REQUIREMENT

Savings associations are required to maintain tangible capital in an amount equal to 1.5% of tangible assets.

### Calculation of Tangible Capital:

#### CCR100: Equity Capital (SC80)

Report the amount of equity capital reported on SC80 (Total Equity Capital), which generally is GAAP capital.

This line will be automatically generated from SC80 (Total Equity Capital) by the electronic filing software.

**Explanatory Note:**

Schedule CCR makes the adjustments to Equity Capital (CCR100) shown below in calculating tangible and Tier 1 capital in accordance with the OTS capital rule. For example, the OTS capital rule does not include cumulative perpetual preferred stock in tangible or Tier 1 capital. Furthermore, the OTS capital rule requires associations to deduct debt and equity investments in nonincludable subsidiaries and certain other assets from total assets and equity capital in computing tangible and Tier 1 capital. Also, the OTS capital rule reverses the adjustment to GAAP equity for unrealized gains and losses on available-for-sale debt securities on SC860 in computing tangible and Tier 1 capital. Marketable equity securities, however, are carried at the lower of cost or market.

**Adjustment:****CCR102: Unrealized Losses (Gains) on Certain Available-for-Sale Securities**

Pursuant to SFAS No. 115 and OTS regulatory reporting policy, equity capital on SC80 includes a separate component for unrealized gains and losses, net of income taxes, on available-for-sale (AFS) securities (i.e., line SC860, "Unrealized Gains (Losses) on Available-for-sale Securities"). However, under the current OTS policy, most of that separate component of equity capital is **not** included in regulatory capital, as specified below.

Specifically, for regulatory capital purposes (but **not** for regulatory reporting purposes):

- AFS debt securities are to be reported at amortized cost (**not** at fair value); and
- AFS equity securities are to be reported at the lower of cost or fair value (**not** at fair value).

Report on this line the amount on SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities), adjusted for losses on certain equity securities, as follows:

SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities)

Plus: As a positive number, any portion of the amount of SC860 that represents net unrealized **losses**, net of income taxes, on **equity** securities (but **not debt** securities).

Report the result on CCR102 as follows:

- As a negative number, reducing capital, when the result from the above calculation represents net unrealized **gains**; or
- As a positive number, increasing capital, when the result from the above calculation represents net unrealized **losses**.

The corresponding adjustment to total assets should be reported on CCR137.

**Less:****CCR105: Investments In and Advances To "Nonincludable" Subsidiaries**

Tangible capital is reduced by the association's investment in, advances to, and guaranteed obligations of certain nonincludable subsidiaries. "Subsidiary" is defined in the general instructions to Schedule CCR, above.



In consolidation, the investment and intercompany loan accounts of subsidiaries have been eliminated on Schedule SC; therefore, the amount of the investment and advances must be obtained from the parent's books prior to consolidation. The investment must be calculated using the equity method as prescribed by GAAP plus any loans, advances, guaranteed obligations, or other extensions of credit, whether secured or unsecured. Negative investments can be used to offset loans, guaranteed obligations, or advances to the same subsidiary.

Note that associations with investments in subsidiaries and/or equity investments where the investments are fully covered by the FDIC report such investment on CCR410 (0% Risk-weight: FSLIC Covered Assets) regardless of the business activity of the entity in which the investment is made.

### **“Nonincludable” Subsidiaries**

“Nonincludable” subsidiaries are defined by Section 5(f) of the HOLA as subsidiaries of an association that engage in activities impermissible for a national bank with the following exceptions:

1. Subsidiaries only engaged in impermissible activities as an agent for its customers where the subsidiary has no risk of loss;
2. Subsidiaries engaged solely in mortgage banking activities;
3. Subsidiaries that are insured depository institutions that were acquired prior to May 1, 1989;
4. Subsidiaries of federal savings associations that existed on August 8, 1989, and were chartered prior to October 15, 1982, as a savings bank or cooperative bank under state law; and
5. Subsidiaries of federal savings associations that existed on August 8, 1989, that acquired their principal assets from an association that was chartered prior to October 15, 1982 as a savings bank or cooperative bank under state law.

A subsidiary of an association generally is deemed “nonincludable” if any of its unconsolidated assets are impermissible for a national bank. If any **lower-tier subsidiary** (see definition in the general instructions to this schedule) engages in impermissible activities or invests in an entity that engages in impermissible activities, but the first-tier subsidiary owned by the parent association does not directly engage in impermissible activities, the first-tier subsidiary is an **includable** subsidiary (**as revised by December 1996 Subsidiary and Equity Investments Rule**). Only the investment of the first-tier subsidiary (or intermediate tier) in the nonincludable lower-tier subsidiary is deducted in computing the capital of the first-tier subsidiary (or intermediate tier) on an unconsolidated basis and the capital of the consolidated association in computing the consolidated association's capital. Equity investments of first-tier subsidiaries in lower-tier subordinate organizations not constituting subsidiaries are deducted from total capital if those investments are not permissible for national banks.

**As of July 1, 1996, all nonincludable subsidiaries are fully deducted from capital.**

Associations should report 100% of their investments in and advances to “nonincludable” subsidiaries, net of all general valuation allowances, specific valuation allowances and charge-offs (all of which have already reduced equity capital).

### **CCR115: Goodwill and Other Intangible Assets**

Report the unamortized amount of goodwill and other intangibles reported in Schedule SC. Report this line as a positive amount; it will be deducted from equity capital in calculating tangible capital.

For purposes of regulatory capital only, the amount of goodwill and other intangible assets on this line that were acquired in a nontaxable purchase business combination **may** be reduced by any corresponding deferred tax liabilities.

Negative goodwill may offset positive goodwill as long as goodwill is not reduced below zero. Negative goodwill may not offset core deposit intangibles or other intangibles.

**Include:**

1. Core deposit intangible assets (CDIs); and
2. Purchased credit card relationships (PCCRs).

**Do not include:**

1. Servicing assets;
2. Certain nonsecurity financial instruments accounted for under SFAS No. 125; and
3. Net deferred tax assets

### **CCR120: Nonqualifying Equity Instruments**

The only equity instruments that may be included in tangible capital are **noncumulative perpetual preferred stock** and **common stock**.

Any instruments **not meeting this definition**, reported on SC-812 (Perpetual Preferred Stock: Cumulative), SC-820 (Common Stock: Par Value) and SC-830 (Common Stock: Paid In Excess Of Par), must be deducted from capital on this line.

Report this line as a positive amount; it will be deducted from equity capital in calculating tangible capital.

**Include:**

1. Cumulative preferred stock reported on SC812;
2. Noncumulative and cumulative preferred stock reported on SC812 and SC814 that is, in effect, **collateralized** by assets of the savings association or its subsidiaries;
3. Noncumulative and cumulative preferred stock reported on SC812 and SC814 where the dividend adjusts based on current market conditions or indexes and the issuer's current credit rating;
4. Permanent Income Capital Certificates (PICCs) reported on SC812; and
5. Any other equity instruments reported on SC812 through SC830 that do not qualify as tangible capital pursuant to OTS Regulation 567.9.

**Add:**

### **CCR125: Minority Interest in Includable Consolidated Subsidiaries Reported on SC799**

Report the minority interest of common and noncumulative permanent preferred shareholders of **includable** subsidiaries that are consolidated in Schedule SC and reported on SC799 (Minority Interest in Consolidated Subsidiaries). See the instructions for CCR105 for a definition of "nonincludable" subsidiaries. Minority interest in "nonincludable" subsidiaries is not grandfathered and cannot be included. The amount reported on this line will be added to equity capital in calculating tangible capital.

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Include only that minority interest in equity instruments that qualifies as tangible capital at the association level (*i.e.*, minority interest in common and noncumulative permanent preferred stock).

### **CCR130: Mutual Institutions' Nonwithdrawable Deposit Accounts Reported on SC710**

Mutual savings associations report nonwithdrawable and pledged deposit accounts meeting the definitions below. The amount reported on this line will be added to equity capital in calculating tangible capital.

Nonwithdrawable accounts are defined in OTS Regulation 561.31 as accounts that by the terms of the contract with the holder or by provisions of state law cannot be paid to the holder until all liabilities, including other classes of share liability, of the savings association have been fully liquidated and paid upon the winding up of the association.

Pledged deposits are those for which the pledge and escrow agreements provide the regulatory agencies with the authority to cancel the pledged accounts and turn over the account funds to the association.

#### **Do not include:**

1. Accounts that accumulate interest;
2. Accounts with fixed maturities;
3. Accounts that under certain conditions can be withdrawn at the option of the account holder;
4. Accounts deposited with subsidiary stock depository institutions;
5. Treasury shares held by the association; or
6. Deposits pledged against loans made to the depositor (share loans).

### **CCR132: Subtotal - Tangible Capital**

Report CCR100 plus CCR102, less CCR105 through CCR120, plus CCR125 and CCR130.

This line will be automatically computed by the electronic filing software.

#### **Less:**

### **CCR133: Disallowed Servicing Assets and Deferred Tax Assets**

The amount on this line is the same as reported on CCR230. Report this line as a positive amount; it will be deducted from CCR132 in calculating tangible capital.

This line will be automatically generated from CCR230 by the electronic filing software.

### **CCR10: Tangible Capital**

Report CCR132 less CCR133.

This line will be automatically computed by the electronic filing software.

## CALCULATION OF TANGIBLE ASSETS:

### CCR135: Total Assets (SC60)

Report total assets of the consolidated entity as reported on SC60 (Total Assets).

This line will be automatically generated from SC60 (Total Assets) by the electronic filing software.

### Adjustment:

### CCR137: Unrealized Losses (Gains) on Certain Available-for-Sale Securities

Report on this line the amounts included in SC60 (Total Assets) corresponding to SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities) and CCR102 as follows:

The amount included in SC60 (Total Assets) which corresponds to the separate component of equity capital reported on SC860.

Plus: As a positive number, any amount included in SC60 that represents net unrealized **losses** on **equity** securities (but **not debt** securities).

Report the result on CCR137 as follows:

- As a **negative** number reducing total assets, when the result from the above calculation represents net unrealized **gains**; or
- As a **positive** number increasing total assets, when the result from the above calculation represents net unrealized **losses**.

The corresponding adjustment to equity capital should be reported on CCR102. See the instructions for CCR102 for additional information.

### Less:

### CCR145: Assets of “Nonincludable” Subsidiaries

Because all subsidiaries, are required to be fully deducted from capital after July 1, 1996, deduct the entire amount of the assets of “nonincludable” subsidiaries from assets.

Report this line as a positive amount; it will be deducted from total assets in calculating tangible assets.

### CCR155: Goodwill and Other Intangible Assets

Report on this line the same amount deducted from tangible capital on CCR115. Report this line as a positive amount; it will be deducted from total assets in calculating tangible assets.

This line will be automatically generated from CCR115 by the electronic filing software.

**CCR160: Subtotal - Tangible Assets**

Report CCR135 plus CCR137, less CCR145, CCR155.

This line will be automatically computed by the electronic filing software.

**Less:****CCR170: Disallowed Servicing Assets and Deferred Tax Assets**

The amount on this line is the same as reported on CCR230. Report this line as a positive amount; it will be deducted from CCR160 in calculating tangible assets.

This line will be automatically generated from CCR230 by the electronic filing software.

**CCR15: Tangible Assets**

Report CCR160 less CCR170.

This line will be automatically computed by the electronic filing software.

**CCR17: Tangible Capital Requirement**

Report the result of CCR15 (Tangible Assets) multiplied by 1.5%. This is the amount of tangible capital the reporting association is required to maintain.

This line will be automatically computed by the electronic filing software.

**CCR19: Amount of Tangible Capital Greater Than (Less Than) Requirement**

Report CCR10 less CCR17. If CCR17 is greater than CCR10, report the deficit as negative.

This line will be automatically computed by the electronic filing software.

**CORE (TIER 1) CAPITAL REQUIREMENT**

Savings associations are required to maintain Tier 1 capital in an amount equal to adjusted tangible assets multiplied by the leverage ratio (3%).

## CALCULATION OF CORE (TIER 1) CAPITAL

### CCR200: Subtotal - Tangible Capital

Report tangible capital before deduction of disallowed servicing assets and deferred tax assets, as reported on CCR132 (Subtotal - Tangible Capital).

This line will be automatically generated from CCR132 by the electronic filing software.

### Add:

### CCR220: Qualifying Intangible Assets

Report the sum of the following assets:

1. Core deposit intangible assets (CDIs) on an association's books or under firm contract as of March 4, 1994, up to 25% of CCR200.

CDIs should be accounted for in accordance with generally accepted accounting principles, incorporating credible and supportable assumptions. Valuation of CDIs is based on a variety of assumptions regarding interest rates for alternative funding, costs other than interest associated with the core deposit base, the decay rate for an acquired customer base, and a discount rate. Included CDIs should have their amortization rates adjusted at least annually to reflect decay rates (past and projected) in the acquired customer base. The OTS may restrict an association's inclusion of otherwise grandfathered CDIs in capital if the OTS determines that the association is not accounting for CDIs prudently.

For purposes of regulatory capital only, the amount of grandfathered CDIs included on this line **should** be reduced by any corresponding deferred tax liabilities that reduced the amount of grandfathered CDIs included on CCR115.

2. Purchased credit card relationships (PCCRs) included on SC660 and CCR115. Note, however, that PCCRs are subject to deduction on CCR230.

### CCR225: Subtotal - Core (Tier 1) Capital

Report the sum of CCR200 and CCR220.

This line will be automatically computed by the electronic filing software.

### Less:

### CCR230: Disallowed Servicing Assets and Deferred Tax Assets

Report this line as a positive amount; it will be deducted from CCR225 in computing Tier 1 capital. The amount reported on this line will also be reported on CCR133, CCR170, and CCR255.

### Disallowed Servicing Assets

Pursuant to interim guidance issued in December 1996, savings associations may include servicing assets reported on SC642 and SC644 in regulatory capital, subject to both of the following limitations.

For mortgage and nonmortgage servicing assets, and PCCRs, combined - include the lesser of:

- 50% of Tier 1 capital,
- 90% of fair value, or
- 100% of reported amount (amortized cost, net of specific valuation allowances).

For nonmortgage servicing assets and PCCRs, as a separate sub-limit - include the lesser of:

- 25% of Tier 1 capital,
- 90% of fair value, or
- 100% of reported amount (amortized cost, net of specific valuation allowances).

Accordingly, on CCR230, include the amount of servicing assets reported on lines SC642 and SC644 (that are not in a "nonincludable" subsidiary) and PCCRs included on SC660 that exceed the above limitations.

For purposes of the 25 and 50 percent of Tier 1 capital limitations above, the reported amount of servicing assets may be reduced by any corresponding deferred tax liability.

### Disallowed Deferred Tax Assets

Also include on CCR230 the amount of disallowed deferred tax assets that will be deducted from regulatory capital. To the extent that the realization of deferred tax assets depends on an institution's future taxable income (exclusive of reversing temporary differences and carryforwards), or its tax planning strategies, such deferred tax assets are limited for regulatory capital purposes to the lesser of:

- The amount that can be realized within one year, or
- Ten percent of Tier 1 capital (before any deduction for disallowed servicing assets and disallowed deferred tax assets).

Accordingly, disallowed deferred tax assets is that amount includable in assets under GAAP, but **not** includable in regulatory capital pursuant to OTS policy. The deferred tax asset subject to the limitation is the net deferred tax asset or liability included on Schedule SC, adjusted for the deferred tax asset or liability added to or subtracted from total assets related to the following:

- Net unrealized gains and losses on certain available-for-sale securities on CCR137.
- Goodwill and other intangible assets on CCR155 and CCR250.

Note that deferred tax assets that can be realized from the following generally are **not** limited:

- Taxes paid in prior carry-back years, and
- Future reversals of existing taxable temporary differences.

### CCR20: Core (Tier 1) Capital

Report CCR225 less CCR230.

This line will be automatically computed by the electronic filing software.

## **CALCULATION OF ADJUSTABLE TANGIBLE ASSETS**

### **CCR240: Subtotal - Tangible Assets**

Report tangible assets before deduction of disallowed servicing assets and disallowed deferred tax assets as reported on CCR160.

This line will be automatically generated from CCR160 by the electronic filing software.

### **Add:**

#### **CCR250: Qualifying Intangible Assets**

Report the same amount reported on CCR220.

This line will be automatically generated from CCR220 by the electronic filing software.

#### **CCR252: Subtotal - Adjusted Tangible Assets**

Report CCR240 plus CCR250.

This line will be automatically computed by the electronic filing software.

### **Less:**

#### **CCR255: Disallowed Servicing Assets and Deferred Tax Assets**

The amount on this line is the same as reported on CCR230. Report this line as a positive amount; it will be deducted from CCR252 in calculating adjusted tangible assets.

This line will be automatically generated from CCR230 by the electronic filing software.

#### **CCR25: Adjusted Tangible Assets**

Report CCR252 less CCR255.

This line will be automatically computed by the electronic filing software.

#### **CCR27: Core Capital (Tier 1) Requirement**

Report the result of CCR25 (Adjusted Tangible Assets) multiplied by the three percent (3%) leverage ratio under the OTS capital rule. This is the amount of Tier 1 capital the reporting association is required to maintain.



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**CCR29: Amount of Core Capital Greater Than (Less Than) Requirement**

Report CCR20 less CCR27. If CCR27 is greater than CCR20, report the deficit as negative.

This line will be automatically computed by the electronic filing software.

**RISK-BASED CAPITAL REQUIREMENT****CCR30: Core (Tier 1) Capital**

Enter core (Tier 1) capital as reported on CCR20.

**Supplementary (Tier 2) Capital:**

Under the risk-based capital regulations, there are two types of capital: core (Tier 1) capital and supplementary (Tier 2) capital. Tier 2 capital includes certain specified instruments with characteristics of capital that do not qualify as Tier 1 capital. Tier 2 capital counts towards a savings association's total capital up to a maximum of 100% of the association's Tier 1 capital.

**Supplementary capital consists of:**

1. Permanent instruments not qualifying as Tier 1 capital, which are reported on CCR320 (Capital Certificates), CCR330 (Nonwithdrawable Deposit Accounts Not Reported on CCR130), and CCR340 (Other Equity Instruments);
2. Maturing instruments, which, after adjustments for the limitations described below, are reported on CCR310 (Qualifying Subordinated Debt), CCR320 (Capital Certificates), CCR330 (Nonwithdrawable Deposit Accounts Not Reported on CCR130), and CCR340 (Other Equity Instruments);
3. Allowances for loan and lease losses (ALLL), which are reported on CCR350 (Allowances for Loan and Lease Losses); and
4. Minority interests in includable subsidiaries consolidated under GAAP that are not eligible for inclusion in Tangible Capital on CCR125, provided the minority interest meets the other requirements for Tier 2 capital and the minority interest is not held by the parent association or any subsidiaries or other subordinate organizations owned directly or indirectly by the association; such minority interest is reported on CCR340 (Other Equity Instruments).

**Maturing Capital Instruments Issued on or Before November 7, 1989**

Maturing capital instruments for which an application had been approved by the FHLBB prior to December 5, 1984, that were grandfathered under the prior capital regulation, are also grandfathered under the current regulation and may be included in full in Tier 2 capital until the last year before maturity.

With prior approval of OTS, a savings association may include maturing capital instruments issued on or before November 7, 1989, in Tier 2 capital in accordance with the following procedures applicable to instruments issued after that date.

## Maturing Capital Instruments Issued After November 7, 1989

The reporting association may elect to include maturing capital instruments issued after November 7, 1989, by choosing one of the following options. However, once either option is elected, the association must continue to apply that option for all subsequent issuances of maturing capital instruments for as long as there is a balance outstanding of such issuances. Once such issuances have all been repaid, the association may elect the other option for future issuances.

**Option 1** The amount included as Tier 2 capital is equal to the outstanding capital instrument multiplied by the applicable percentage from the following amortization schedule:

<u>Years to Maturity</u>	<u>Percentage Counted as Tier 2 Capital</u>
Greater than 5	100%
Greater than 4, but less than or equal to 5	80%
Greater than 3, but less than or equal to 4	60%
Greater than 2, but less than or equal to 3	40%
Greater than 1, but less than or equal to 2	20%
Less than or equal to 1	0%

**Option 2** Only the aggregate amount of maturing capital instruments that mature in any one year during the seven years immediately prior to an instrument's maturity that does not exceed 20% of an association's capital will qualify as Tier 2 capital. Capital for this purpose is defined as Tier 1 capital plus, without limitation, items included in Tier 2 capital (*i.e.*, general loan and lease valuation allowances are not limited to a percentage of assets; maturing capital instruments are not limited based on maturity dates; and Tier 2 capital is not limited to the amount of Tier 1 capital).

## CCR310: Qualifying Subordinated Debt and Redeemable Preferred Stock

### Include:

1. Perpetual subordinated debentures and mandatory convertible securities; and
2. Maturing subordinated debentures, mandatory convertible securities, and redeemable preferred stock calculated in accordance with the above instructions.

## CCR320: Capital Certificates

Include the following capital certificates that are not included in Tier 1 capital, whether or not there is a outstanding FSLIC note relating to the certificate:

1. Income capital certificates;
2. Permanent income capital certificates;
3. Mutual capital certificates;
4. Net worth certificates; and
5. Accumulated annual income payments, not yet due, on the above instruments.

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Do not deduct FSLIC notes from the capital certificates reported on this line.

### **CCR330: Nonwithdrawable Deposit Accounts Not Reported on CCR130**

#### **Include:**

1. Nonwithdrawable deposit accounts of both stock and mutual savings associations reported on SC710 (Deposits) meeting the criteria of OTS Regulation 561.31 that are not included on CCR130 (Mutual Savings Associations' Nonwithdrawable Deposit Accounts Included on SC710). Nonwithdrawable accounts are defined in OTS Regulation 561.31 as accounts that by the terms of the contract with the holder or by provisions of state law cannot be paid to the holder until all liabilities, including other classes of share liability, of the savings association have been fully liquidated and paid upon the winding up of the savings association.
2. Pledged deposits reported on SC710 for which the pledge and escrow agreements provide the regulatory agencies with the authority to cancel the pledged accounts and turn over the account funds to the savings association.

### **CCR340: Other Equity Instruments**

Report equity instruments issued by the reporting savings association permitted as supplemental capital but not as Tier 1 capital and deducted from tangible capital on CCR120 (Nonqualifying Equity Instruments).

#### **Include:**

1. Cumulative preferred stock reported on SC812;
2. Preferred stock reported on SC812 or SC814 where the dividend adjusts based on current market conditions or indexes and the issuer's current credit rating;
3. Any other equity instruments reported on CCR120 except preferred stock that is, in effect, collateralized by assets of the reporting savings association; and
4. Minority interest reported on SC799 (Redeemable Preferred Stock and Minority Interest in Consolidated Subsidiaries) and not included in tangible capital on CCR125, where the minority interest ownership consists of equity instruments issued by the reporting savings association or its includable subsidiaries, where such equity instruments are permitted as Tier 2 capital but not as Tier 1 capital and where such instruments are **not** held by the parent savings association or any subsidiaries or other subordinate organizations owned directly or indirectly by the savings association.

### **CCR350: Allowances for Loan and Lease Losses**

Report allowances for loan and lease losses (ALLL) (formerly termed general valuation allowances) established by the parent savings association and consolidated includable subsidiaries as defined in the instructions for CCR105. ALLL for "nonincludable" subsidiaries are not grandfathered for this calculation.

Allowances for loan and lease losses (ALLL) are defined as those established for the purpose of covering probable, but not specifically identifiable, credit losses for loans, leases, and mortgage pool securities. The inclusion of ALLL in Tier 2 capital is limited to 1.25 percent of risk-weighted assets.

Include purchased ALLL where the balance and nature of the purchased ALLL is consistent with OTS policy as set forth in the Thrift Activities Regulatory Handbook, Sections 260 and 261.

The percentage limitation should be applied to total risk-weight assets before the deduction of excess ALLL (*i.e.*, the sum of CCR40, CCR45, CCR50, and CCR55).

**Do not include:**

1. ALLL of unconsolidated subsidiaries; and
2. ALLL of "nonincludable" subsidiaries.

### **CCR33: Supplementary (Tier 2) Capital**

Report the sum of CCR310, CCR320, CCR330, CCR340, and CCR350.

This line will be automatically computed by the electronic filing software.

### **CCR35: Allowable Supplementary (Tier 2) Capital**

This line will be automatically computed by the electronic filing software.

If Tier 1 capital is a positive amount, report the lesser of:

1. Supplementary (Tier 2) Capital as reported on CCR33; or
2. Core (Tier 1) Capital reported on CCR30.

The amount of Tier 2 capital included in total capital cannot exceed the amount of Tier 1 capital.

Associations with negative Tier 1 capital report zero on CCR35.

### **CCR370: Equity Investments and Other Assets Required to be Deducted**

Report the assets that are required by OTS Regulation 567.5(c) to be deducted from total capital that have not been deducted elsewhere.

**Include:**

1. Investments in other depository institutions (reciprocal holdings) that can be counted by those associations in their regulatory capital (*e.g.*, capital stock, qualifying subordinated debt, etc.);
2. The entire amount of all: (a) nonincludable debt and equity investments of the reporting savings association (including debt and equity investments in subordinate organizations not constituting subsidiaries under Section 567.1(dd) (*i.e.*, investments in entities not consolidated under GAAP) that are engaged as principal in activities impermissible for national banks and not otherwise includable under Section 5(t) of HOLA); and (b) investments in real property (excluding real property primarily used or intended to be used by the savings association, its subsidiaries, subordinate organizations, or affiliates as offices, and interests in real property acquired in satisfaction of a debt, provided that the property is not intended to be held for real estate investment purposes but is expected to be disposed of within five years or as extended by the OTS); and
3. The amount of that portion of land loans and nonresidential construction loans in excess of 80% loan-to-value ratio, unless the loan has been paid down to a loan-to-value ratio of less than 80% calculated using value at origination.

**The term “equity securities” means any:**

1. Stock;
2. Certificate of interest of participation in any profit sharing agreement;
3. Collateral trust certificate or subscription;
4. Preorganization certificate or subscription;
5. Investment Contract;
6. Voting trust certificate;
7. Securities immediately convertible into equity securities at the option of the holder without payment of substantial additional consideration (e.g., convertible subordinated debt);
8. Securities carrying any warrant or right to subscribe to or purchase an equity security;
9. Investments, loans, advances, and guarantees issued on behalf of unconsolidated subordinate organizations;
10. Investments in real property not classified as fixed assets or repossessed property.

**Do not include:**

1. Interests in real property that are primarily used by the association, its subsidiaries, subordinate organizations, or affiliates as offices or related facilities for the conduct of its business; report on CCR505 (100% Risk-weight: All Other Assets);
2. Interests in real property that are acquired in the satisfaction of a debt previously contracted in good faith or acquired in sales under judgments or decrees (*i.e.*, REO); report on CCR505 (100% Risk-weight: All Other Assets);
3. Equity investments that are permissible for both savings associations and national banks, which are risk-weighted at 100% on CCR505. These include:
  - FHLBank Stock
  - FHLMC Stock;
  - FNMA Stock;
  - Equity investments in subordinate organizations not constituting subsidiaries under 567.1(dd) (*i.e.*, investments in subordinate organizations not consolidated under GAAP) that are solely engaged in activities as agent for customers or engaged as principal in activities permissible for national banks or otherwise includable under Section 5(t) of the HOLA;
  - Real estate loans that are considered as equity investments under GAAP and are permissible investments under the OCC's capital rules; and
  - Mutual funds and pass-through investments as defined in OTS Regulation 560.32, that invest in any of the above categories of permissible equity investments.
4. Investments in subsidiaries and/or equity investments that are fully covered by FSLIC or any successor agency. Report the entire amount of such investment on CCR410 (0% Risk-weight: FSLIC Covered Assets); associations are not required to deduct such investments from capital.

**Computation of CCR370 When General Valuation Allowances have been established:**

The amount of equity investments reported on CCR370 is calculated net of charge-offs and general valuation allowances. For example, if an association has established a \$10 specific valuation allowance

against a \$100 equity investment, it must only deduct \$90 from total capital and would enter \$90 on CCR370.

In the computation of the dollar amount to be shown on line CCR370, associations should reduce the amount calculated following the above instructions by the amount of general valuation allowances established against equity investments and investments in real property required to be deducted. In order to receive this credit, the general valuation allowances **must** be established at the savings association level as a contra-asset to the equity investments and investments in real property. Associations must have and maintain adequate records to enable examiners to verify the association's claim that the general valuation allowances have been established (for analytical purposes) against these specific assets.

For example, if an association has a \$100 equity investment, net of charge-offs and specific valuation allowances, against which it has established no general valuation allowance after July 1, 1994, the association should enter \$100 on line CCR370 (the full asset amount). If the association established a \$10 general valuation allowance against that same asset, the association should deduct the \$10 general valuation allowance from the \$100 investment, resulting in deduction of \$90.

General valuation allowances established on other assets are **not** to be included in the "credit" computation outlined above.

## CCR380: Capital Reduction for Interest-Rate Risk (IRR) Exposure

Until notified by the OTS, all associations should report zero on this line.

## CCR39: Adjusted Total Capital (Risk-Based Capital)

Report the total of CCR30 plus CCR35 minus CCR370 and CCR380.

This line will be automatically computed by the electronic filing software.

## RISK-WEIGHT CATEGORIES

### General Instructions

In order to calculate the risk-based capital standard, savings associations must classify their assets in one of five risk-weight categories described below. The portion of assets required to be deducted from Tier 1 capital are **not** to be risk-weighted (*e.g.*, nonincludable subsidiaries and nonqualifying intangibles).

The assets of includable subsidiaries (*i.e.*, subsidiaries consolidated under GAAP) are consolidated in determining the appropriate risk-weight categories. However, the assets of **nonincludable subsidiaries** and **nonincludable equity investments** are excluded in computing risk-weighted assets.

Assets to be risk-weighted should not be reduced by any allocated allowance for loan and lease losses (ALLL). In other words, assets should be risk-weighted at carrying value, with any allocated ALLL added back to the carrying value, which is then risk-weighted. ALLL is included in Tier 2 capital, unlike other general valuation allowances; therefore, general valuation allowances for assets other than loans and leases may be deducted from the related asset in calculating the amount to be risk-weighted. Additionally, assets are to be risk-weighted after adjustments to those assets relating to regulatory capital

adjustments; for example: gains and losses on certain available-for-sale securities, disallowed servicing assets, and disallowed net deferred tax assets.

In determining the appropriate risk-weight category for loans and investments, the reporting savings association must look at the type of collateral or, if there is no collateral, at the counterparty. In determining the appropriate risk-weight category for investments in mutual funds, the reporting savings association must look at the characteristics of the assets in the portfolio of the fund. Where the portfolio of a mutual fund consists of various assets that would be treated differently under the capital requirement, the entire ownership interest in the mutual fund should be dealt with based on the category of the asset with the highest capital requirement in the portfolio or excluded from assets and thus deducted from calculations of total capital, as appropriate.

The sum of each risk-weight category is multiplied by the risk-weight percentage appropriate for that category (e.g., the sum of the 0% risk-weight category is multiplied by 0%).

After each risk-weight category has been summed and multiplied by its appropriate risk-weight, the product of each risk-weight category is summed. This results in the on-balance-sheet portion of the risk-based capital standard.

Off-balance-sheet items are also included in the risk-based capital standard after they have been converted into on-balance-sheet equivalents. Off-balance-sheet items are converted by taking the dollar amount of the off-balance-sheet item (or the grossed up amount of off-balance-sheet recourse obligations under Section 567.1(kk), as appropriate) and multiplying it by the appropriate credit conversion factor from the table that follows the discussion of risk-weight categories. Additionally, interest-rate and exchange-rate contracts are risk-weighted by calculating a credit equivalent amount as described later in these instructions following the discussion of off-balance-sheet items.

Report in the appropriate category all on-balance-sheet assets together with all on-balance-sheet equivalents (off-balance-sheet items that have been converted in accordance with the discussion above).

From the sum of on-balance-sheet and off-balance-sheet risk-weighted assets, a deduction is taken for allowances for loan and lease losses (ALLL) in excess of the amount permitted to be included as capital on CCR350.

**Note that all loans and investments that are more than 90 days past due are reported on CCR505 (100% Risk-weight: All Other Assets), regardless of the type of investment or collateral with the exception of FSLIC covered assets, which are reported on CCR410 (0% Risk-weight: FSLIC Covered Assets).**

## 0% Risk-weight

### CCR400: Cash

Report all cash-on-hand, including the amount of domestic and foreign currency owned and held or in transit in all offices of the savings association. Any foreign currency must be converted into U.S. dollar equivalents as of the date of the report.

#### Do not include:

1. Cash deposited in another financial institution, whether interest-bearing or noninterest-bearing; report on CCR445.
2. Cash equivalents such as travelers' checks; report on CCR445.

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**CCR405: Securities Backed by Full Faith and Credit of U.S. Government**

Report the amount of securities issued by and other direct claims on: (1) the U.S. Government or its agencies to the extent such securities or claims are **unconditionally** backed by the full faith and credit of the U.S. Government; or (2) the central government of an Organization of Economic Cooperation and Development (OECD) country.

**Include:**

1. GNMA securities;
2. U.S. Treasury securities; and
3. SBA pools or certificates, or portions thereof, that are unconditionally guaranteed by the full faith and credit of the U.S. Government.

**Do not include:**

1. Notes and obligations of FSLIC and FDIC; report on CCR408; and
2. Assets collateralized by U.S. Government securities; report on CCR450 (20% Risk-weight: Other).

**CCR408: Notes and Obligations of FSLIC and FDIC**

Report notes and obligations issued by FSLIC or FDIC that are unconditionally backed by the full faith and credit of the U.S. Government, except for those reported on CCR410.

**CCR410: FSLIC Covered Assets**

Report the portion of assets that is **fully** covered against capital loss and/or yield maintenance agreements by the FSLIC or any successor agency. The portion of assets that is not covered by FSLIC or any successor agency (e.g., those included in a deductible) must be placed in a risk-weight category according to the characteristics of the asset. If a deductible under a coverage agreement cannot be assigned to a specific type of asset, the deductible should be placed in the 100% risk-weight category.

Include all investments in subsidiaries and/or equity investments that are fully covered by FSLIC regardless of the percentage of ownership or business activity of the entity in which the investment is made.

**CCR415: Other**

Report all zero-percent risk-weight assets not included above as defined in OTS Regulation 567.6(a)(1)(i).

**Include:**

1. Deposit reserves at, claims on, and balances due from Federal Reserve Banks, excluding interest rate contracts, which are reported on CCR450 (20% Risk-weight: Other);
2. The book value of paid-in Federal Reserve Bank stock; and
3. That portion of assets not included elsewhere in the 0% risk-weight category directly and unconditionally guaranteed by the U.S. Government or its agencies, or the central government of an OECD country.



**CCR420: Total**

Report the sum of CCR400 through CCR415.

This line will be automatically computed by the electronic filing software.

**CCR40: 0% Risk-weight Total**

Report the risk-weighted product of all 0% risk-weight assets. This amount will always be zero.

This line will be automatically computed by the electronic filing software.

**20% Risk-weight****CCR430: High-quality MBS**

Report high-quality mortgage related securities as defined in section 3(a)(41) of the Securities Exchange Act of 1934 and those mortgage-backed securities issued by or fully guaranteed by FNMA and FHLMC.

**Include:**

1. FNMA mortgage-related securities (including IOs and POs with FNMA guarantees);
2. FHLMC mortgage-related securities (including IOs and POs with FHLMC guarantees);
3. Mortgage-related securities with a AAA or AA rating that meet the criteria of OTS Regulation 567.1(k); and
4. CMOs collateralized by FNMA, FHLMC, GNMA, or AAA or AA rated mortgage-backed securities other than those tranches deemed to have residual characteristics (these are reported on CCR505).

**Do not include:**

1. Residual classes of collateralized mortgage obligations (CMOs) and real estate investment conduits (REMICs); report on CCR505 (100% Risk-weight: All Other Assets);
2. GNMA mortgage pool securities; report on CCR405; or
3. MBSs on which the reporting association has recourse for the underlying loans; the capital requirement on such obligations should follow the standard treatment of recourse obligations.

**CCR435: Claims on FHLBs**

Report all investments in, claims on, and balances due from Federal Home Loan Banks.

**Include:**

1. Book value of Federal Home Loan Bank stock;
2. Demand, savings, and time deposits with a FHLBank;
3. Securities, bonds, and notes issued by the Federal Home Loan Bank System; and
4. The credit equivalent amount of interest rate contracts (e.g., interest-rate swaps and caps) where the counter party is a Federal Home Loan Bank.

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**CCR440: General Obligations of State and Local Governments**

Report the amount of securities and other general obligations issued by state and local governments.

**CCR445: Claims on Domestic Depository Institutions**

Include the following obligations of domestic depository institutions:

1. Demand deposits and other transaction accounts;
2. Savings deposits;
3. Time certificates;
4. Travelers' checks and other cash equivalents;
5. Cash items in the process of collection;
6. Federal funds sold;
7. Loans and overdrafts;
8. Debt securities; and
9. The credit equivalent amount of interest and exchange rate contracts (e.g., interest-rate swaps and caps) where the counter party is a domestic depository institution.

**Do not include:**

1. Investments in other depository institutions that can be counted by those associations in their regulatory capital (e.g., capital stock, qualifying subordinated debt, etc.); report on CCR370 (Assets Required to be Deducted); and
2. Interest rate contracts with a FHLBank or a Federal Reserve Bank; report on CCR435 and CCR450, respectively.

**CCR450: Other**

Report all twenty-percent risk-weight assets not included above as defined in OTS Regulation 567.6(a)(1)(ii).

**Include:**

1. Assets conditionally guaranteed by the U.S. Government (e.g., VA and FHA insured mortgage loans, the guaranteed portion of SBA, FHmA and AID loans, FICO and REFCO bonds, etc.);
2. Loans and other assets fully collateralized by deposits;
3. The credit equivalent amount of interest rate contracts (e.g., interest-rate swaps and caps) where the counter party is a Federal Reserve Bank; and
4. Assets collateralized by U.S. Government securities other than mortgage related securities reported on CCR430.
5. Securities (not including equity securities or MBSs) issued by, or other direct claims on, U. S. Government-sponsored agencies, including notes issued by the FHLBanks, Fannie Mae, and Freddie Mac.

**CCR455: Total**

Report the sum of CCR430 through CCR450.

This line will be automatically computed by the electronic filing software.

**CCR45: 20% Risk-weight Total**

Report the risk-weighted product all 20% risk-weight assets (*i.e.*, 20% times CCR455).

This line will be automatically computed by the electronic filing software.

**50% Risk-weight****CCR460: Qualifying Single-family Residential Mortgage Loans**

Report the carrying value of 1-4 family permanent residential first mortgage loans (*i.e.*, outstanding balance, net of specific valuation allowances) and loans to individuals to fund the construction of their own home, plus accrued interest receivable, that meet **all** of the following criteria:

1. Prudently underwritten;
2. Performing and not more than 90 days past due; and
3. Has a documented loan-to-value ratio not exceeding 80% (at origination) unless insured to at least an 80% loan-to-value ratio by private mortgage insurance provided by an insurer approved by the FHLMC or FNMA, or has been paid down subsequent to origination to a loan-to-value ratio of less than 80% calculated using value at origination.

Also include the outstanding balance of loans on interests in cooperative buildings and home equity loans representing first mortgages on a residence, where such loans meet all other criteria for qualifying single-family residential mortgage loans.

Mortgage loans on mixed use properties that are primarily single-family residential properties are included on this line if the criteria for qualifying single-family residential mortgage loans are satisfied.

**Do not include:**

1. Second mortgage loans; report on CCR505 (100% Risk-weight: All Other Assets);
2. Single-family residential first mortgage loans that are nonperforming (nonaccrual) **or** more than 90 days past due; report on CCR505 (100% Risk-weight: All Other Assets);
3. Foreclosed real estate; report on CCR505 (100% Risk-weight: All Other Assets)
4. Loans to commercial entities collateralized by mortgages of third-party borrowers (*e.g.*, warehouse loans); report on CCR505 (100% Risk-weight: All Other Assets).

**CCR465: Qualifying Multifamily Residential Mortgage Loans****Qualifying Multifamily Mortgage Loans (12 CFR 567.1(v)) Under Current Rule**

Report the carrying value (outstanding balance less specific valuation allowances), plus accrued interest receivable, of permanent, first mortgages secured by first liens on multifamily residential properties consisting of five or more dwelling units that meet **all** of the following criteria:

1. The loan's amortization of principal and interest occurs over a period of not more than 30 years;
2. The original minimum maturity for repayment of principal on the loan is not less than seven years;
3. At the time a loan is placed in the 50% risk-weight category, all principal and interest payments on the loan for the preceding year have been made on a timely basis in accordance with the loan terms (*i.e.*, not 30 days or more past due);
4. The loan is performing and not 90 days or more past due;
5. The loan was made by the association in accordance with prudent underwriting standards;
6. The current outstanding loan balance does not exceed 80% (75% for variable rate loans) of the value of the property securing the loan; and
7. For the property's most recent fiscal year, the ratio of annual net operating income generated by the property (before payment of any debt service on the loan) to annual debt service on the loan is not less than 120 percent (115 percent for variable rate loans), or in the case of cooperative or other not-for-profit housing projects, the property generates sufficient cash flows to provide comparable protection to the association.

For purposes of criteria (6) above, the term "value of the property" means, at origination of a loan to purchase a multifamily property: the lower of the purchase price or the amount of the initial appraisal, or if appropriate, the initial evaluation. In cases not involving purchase of a multifamily property (*e.g.*, new loans on existing properties already owned by a borrower), the value of the property is determined by the most current appraisal, or if appropriate, the most current evaluation.

In cases where a borrower refinances a loan on an existing property, instead of complying with criteria (3) and (7) above, a loan may qualify by satisfying the following criteria:

1. For the preceding year all principal and interest payments on the loan being refinanced have been made on a timely basis in accordance with the loan terms (*i.e.*, not 30 days or more past due); and
2. The net income on the property for the preceding year would have supported timely payment of principal and interest on the new loan in accordance with the applicable debt service requirement.

### **Grandfathered Qualifying Multifamily Mortgage Loans**

Qualifying multifamily mortgage loans entered on this line include multifamily mortgage loans that on March 18, 1994 met the criteria of qualifying multifamily mortgage loans under the OTS capital rule on March 17, 1994 and continue to meet those criteria, namely:

1. The mortgage is secured by an existing property consisting of 5 to 36 dwelling units;
2. The initial loan-to-value ratio is not more than 80%; and
3. The property has had an average annual occupancy rate of 80% or more of total units for the past full year.

Residential property is defined in OTS Regulation 567.1(z) as houses, condominiums, cooperative units, and manufactured homes. This definition does not include hospitals and nursing homes. Manufactured homes are those subject to HUD regulations under Title VI of the U.S. Code.

Mortgage loans on mixed use properties that are primarily multifamily residential properties are included on this line if the criteria for qualifying multifamily mortgage loans are satisfied.

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**CCR470: Other MBS Backed by Qualifying Mortgage Loans**

Report mortgage-backed securities, other than high quality mortgage-backed securities reported on CCR430, that are backed by **qualifying single-family** residential mortgage loans eligible to be reported on CCR460 or **qualifying multifamily** residential mortgage loans eligible to be reported on CCR465. Include IOs, POs, and CMOs (excluding residuals that are backed by qualifying single-family or multifamily residential mortgage loans but are excluded from CCR430 because the security has less than a AA rating. **Residual classes** of mortgage-related securities are reported on CCR505 (100% Risk-Weight: All Other Assets).

If securities are backed by **qualifying multifamily residential mortgage loans**, the association must receive timely payments of principal and interest in accordance with the terms of the security. Payments generally are considered to be timely if they are not 30 days or more past due.

**CCR475: State and Local Revenue Bonds**

Report securities issued by state and local governments whereby the revenues from a stated project (e.g., a toll road) repay the security.

**CCR480: Other**

Report all fifty-percent risk-weight assets not included above as defined in OTS Regulation 567.6(a)(1)(iii).

**Include:**

1. The credit equivalent amount of interest and exchange rate contracts (e.g., interest-rate swaps and caps) where the counter party is an entity other than a domestic depository institution, a FHLBank, or a Federal Reserve Bank;
2. Revenue bonds issued by any public-sector entity in an OECD country that are payable solely from the revenues generated from the project financed through the issuance of the obligations; and
3. Qualifying residential construction loans, also referred to as "residential bridge loans," meeting the criteria of 12 CFR 567.1(jj), which generally must satisfy the following criteria:
  - a. The loan must be made in accordance with sound lending principles to a builder, who has paid the first 10% of direct costs of the project, for the construction of a pre-sold, 1-4 family residence;
  - b. The home purchaser must be an individual (not a business entity), intend to occupy the home, have made an earnest money deposit of at least 3% of the contract price held in escrow for benefit of the lending association, have entered into a firm purchase contract, and have obtained a firm commitment for a qualifying mortgage loan (as defined in 12 CFR 567.1(u);
  - c. The loan must be secured by a first lien (except for mechanics' liens with priority under state law) on the lot and residence, must not exceed 80 percent of the sales price of the residence, and must be performing and not more than 90 days past due; and
  - d. The lending savings association must retain sufficient undisbursed loan funds throughout the construction period to ensure project completion.

**CCR485: Total**

Report the sum of CCR460 through CCR480.

This line will be automatically computed by the electronic filing software.

**CCR50: 50% Risk-weight Total**

Report the risk-weighted product all 50% risk-weight assets (*i.e.*, 50% times CCR485).

This line will be automatically computed by the electronic filing software.

**100% Risk-weight****CCR505: All Other Assets**

Report all other assets that are not included above or in any other risk-weight category.

**Include:**

1. Consumer loans;
2. Commercial loans;
3. Home equity loans (both consumer loans and junior liens) unless they represent first mortgages on the home and meet all other criteria for qualifying single-family residential mortgage loans reported on CCR460;
4. Second mortgages on 1-4 family dwelling units;
5. All assets that are nonperforming or more than 90 days past due, except FSLIC covered assets, which are reported on CCR410 (0% Risk-weight);
6. All repossessed assets including repossessed real estate, other repossessed assets, and equity investments that OTS determines have the same characteristics as real estate owned by the association (*e.g.*, stock from an REO workout firm that has been approved by OTS for inclusion in the 100% risk-weight category);
7. Other permanent first mortgages on 1-4 family dwelling unit properties that do not qualify for inclusion on CCR460 (50% Risk-weight: Qualifying Single-family Residential Mortgage Loans);
8. Multifamily mortgage loans that do not meet the qualifying criteria for inclusion on CCR465 (50% Risk-weight: Qualifying Multifamily Residential Mortgage Loans);
9. Residential construction loans, except those to individuals to fund construction of their own home that are reported on CCR460 and except qualifying residential construction loans (bridge loans) as defined in CCR480;
10. Land loans less that portion that is deducted from capital and reported on CCR370 (Assets Required to be Deducted);
11. Nonresidential construction loans (as defined in the instructions for SC260 (Nonresidential Property) less that portion that is deducted from capital and reported on CCR370 (Assets Required to be Deducted);
12. Obligations issued by any state or any political subdivision thereof for the benefit of a private party or enterprise where that party or enterprise, rather than the issuing state or political subdivision, is responsible for the payment of principal and interest of the obligation (*e.g.*, industrial development bonds);

13. Private-issue debt securities, including commercial paper, except those reported in the 20% or 50% risk-weight categories;
14. Investments in fixed assets and premises;
15. Qualifying intangible assets reported on CCR220;
16. Servicing assets less the amount included on CCR230, and certain nonsecurity financial instruments (*i.e.*, those established pursuant to SFAS No. 125);
17. Residual classes of mortgage related securities;
18. The gross amount of wrap-around loans where the association is liable on the first mortgage or must assume the first mortgage to perfect its position (if this condition is not met, the wrap-around loan is reported net of the first mortgage);
19. Equity investments that are permissible for both savings associations and national banks and including:
  - a. FNMA Stock;
  - b. FHLMC Stock;
  - c. Equity investments in unconsolidated subordinate organizations (*i.e.*, those subordinate organizations not qualifying as subsidiaries under 567.1(dd)) that are solely engaged in activities as agent for customers or engaged as principal in activities permissible for national banks or otherwise includable under Section 5(t) of the HOLA;
  - d. Real estate loans that are considered equity investments under GAAP and are includable under OCC's capital rule; and
  - e. Mutual funds and pass-through investments as defined in OTS Regulation 560.32, that invest in any of the above categories of permissible equity investments;
20. Loans to commercial entities collateralized by mortgages of third party borrowers (*e.g.*, warehouse loans);
21. Any other assets that are either not deducted from capital or not included in any other risk-weight category.

**CCR510: Total**

Report the amount entered on CCR505.

This line will be automatically computed by the electronic filing software.

**CCR55: 100% Risk-weight Total**

Report the risk-weighted product all 100% risk-weight assets (*i.e.*, 100% times CCR510). This line will always equal CCR510.

This line will be automatically computed by the electronic filing software.

**Conversion of Off-balance-sheet Items to On-balance-sheet Equivalents**

Off-balance-sheet items are included in the risk-based capital standard after they have been converted into on-balance-sheet equivalents. Off-balance-sheet items are converted by taking the dollar amount of

the off-balance-sheet item and multiplying it by the appropriate credit conversion factor from the table below.

The on-balance-sheet equivalents (converted off-balance-sheet items) are placed in the appropriate risk-weight category just as any other on-balance-sheet assets. For example, an off-balance-sheet letter of credit would be placed in the same risk-weight category as the loan would be if the letter of credit were executed.

**Example 1:**

A savings association has a \$1 million off-balance-sheet letter of credit guaranteeing the completion of a road in a residential construction project. Letters of credit that guarantee performance have a conversion factor of 50%; therefore, the savings association would convert the \$1 million off-balance-sheet item into a \$500,000 on-balance-sheet equivalent (\$1 million times 50%), which would be placed in the 100% risk-weight category on CCR505, the same risk-weight category as on-balance-sheet residential construction loans.

**Example 2:**

A savings association has a \$1 million off-balance-sheet, legally binding commitment to purchase GNMA mortgage backed securities. Forward agreements to purchase assets at a specified date have a conversion factor of 100%; therefore, the savings association would convert the \$1 million off-balance-sheet item into a \$1 million on-balance-sheet equivalent, which would be placed in the 20% risk-weight category on CCR450, the same risk-weight category as on-balance-sheet assets collateralized by the current market value of securities issued or guaranteed by the U. S. Government.

**Loans in Process (Undisbursed Loan Balances)**

All LIP that meets the following criteria will be converted at a 0% conversion factor (*i.e.*, will not be risk-weighted):

1. LIP that contractually must be disbursed or expire in one year or less; **or**
2. LIP that will be disbursed over a period of time exceeding one year and: (1) is unconditionally cancelable by the savings association **and** (2) for which the savings association makes a separate credit decision before each draw.

All LIP that does not meet the criteria in #1 or #2, above, must be converted at a 50% conversion factor and placed in the risk-weight category appropriate for the related loan, except as follows:

1. When interest is paid on the full amount of the loan, including both the disbursed and undisbursed portions, the gross amount of the loan must be risk weighted and therefore, the LIP is not an off-balance-sheet item; and
2. When the LIP is a direct credit substitute, the savings association must convert it to an on-balance-sheet equivalent at a 100% credit conversion factor.

**Table of Conversion Factors for Off-balance-sheet Items**

This calculation translates the face amount of an off-balance-sheet exposure into an on-balance-sheet credit equivalent amount.



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**0% Credit Conversion Factor (*i.e.*, not risk-weighted)****Include:**

1. Unused commitments with an original maturity of one year or less;
2. Unused commitments with an original maturity of greater than one year:
  - a. That are unconditionally cancelable by the savings association at any time; and
  - b. The savings association has the contractual right to make, and in fact does make, either:
    - i. A separate credit decision based upon the borrower's current financial condition before each draw, or
    - ii. An annual (or more frequent) credit review based upon the borrower's current financial condition to determine whether or not to continue the lending arrangement.
3. Unused portions of retail credit card lines of credit that are unconditionally cancelable by the savings association to the extent allowed by applicable law.
4. Unused portion of home equity lines of credit:
  - a. That are unconditionally cancelable at any time by the savings association to the extent allowed by federal law; and
  - b. The savings association has the contractual right to make, and in fact does make, either:
    - i. A separate credit decision based upon the borrower's current financial condition before each draw; or
    - ii. An annual (or more frequent) credit review based upon the borrower's current financial condition to determine whether or not to continue the lending arrangement.
5. Commitments to make a permanent loan, where the construction loan is included either on the balance sheet or elsewhere in the off-balance-sheet items. If the commitment to make the permanent loan exceeds the construction loan, the excess must be treated as a separate commitment and converted to an on-balance-sheet equivalent.

**20% Credit Conversion Factor**

Trade-related contingencies (*i.e.*, short-term, self-liquidating instruments used to finance the movement of goods and collateralized by the underlying shipment). A commercial letter of credit is an example of such an instrument.

**50% Credit Conversion Factor****Include:**

1. Transaction-related contingencies, including performance bonds and performance-based standby letters of credit;
2. Unused commitments with an original maturity greater than one year, including home equity lines of credit that are not in the 0% credit conversion factor category (*i.e.*, that are not unconditionally cancelable); and
3. Revolving underwriting facilities, note issuance facilities, and similar arrangements pursuant to which the customer can issue short-term debt in its own name, but for which the savings association has a legally binding commitment to:
  - a. Purchase the obligations the customer is unable to sell by a certain date; or
  - b. Advance funds to its customer if the obligations cannot be sold.

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## 100% Credit Conversion Factor

### Include:

1. Financial guarantee-type standby letters of credit (*i.e.*, the face amount is converted to credit-equivalent amount);
2. Assets sold with recourse:
  - a. If a savings association sells a \$100 loan with 10% recourse, it will convert the full \$100 (*i.e.*, the grossed up amount) at 100%, except where the amount of recourse liability retained by a savings association is less than the capital requirement for credit-risk exposure. In such a situation the low level recourse provision limits an institution's capital charge to a dollar-for-dollar requirement against the amount of credit-risk exposure retained. This low level recourse amount is reported on CCR70 (Fully Capitalized Items). For example, in the sale of most assets with 1% recourse, the amount of liability retained is usually less than the capital requirement and therefore, 1% of the assets sold would be the capital requirement and be reported on CCR70 (Fully Capitalized Items) and no off-balance-sheet conversion is necessary);
  - b. Loans serviced for others where the savings association (or its subsidiaries) is liable for credit losses of the loans serviced (Note: In general, servicing of VA loans in GNMA pools is not considered recourse servicing; however, the OTS reserves the right on a case-by-case basis to treat it as recourse.) (Note: Savings associations should not risk-weight the on-balance-sheet asset; rather, they should convert the full outstanding balance of the loans serviced at 100%);
  - c. The subordinated portions of senior/subordinated securities (both retained and purchased subordinated pieces) are treated identically to assets sold with partial, first-loss recourse under 2(a) above (Note: Savings associations, generally, should **not** risk-weight the on-balance-sheet subordinated security; rather, they should convert the full amount of both the senior and subordinate portions of the mortgage pool security at 100%);
  - d. Associations may elect to apply the 100% credit conversion factor to only the **retained** recourse amount related to transfers of small business loans and leases of personal property, in accordance with Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994; qualifying associations may apply the treatment under Section 208, as implemented in the related OTS rulemaking, to transfers on or after March 22, 1995 (See Section 208 of the Riegle Act and the related OTS rulemaking for detailed information related to this provision.);
3. Forward agreements and other contingent obligations with a specified draw down (*e.g.*, legally binding agreements to purchase assets at a specified future date). The savings association should convert the principal amount of the assets to be purchased on the date the agreement is entered into; and
4. Securities lent for a customer as agent, where the customer is indemnified against loss.

## Credit Equivalent Amount of Interest-rate and Exchange-rate Contracts

This calculation translates interest-rate and exchange-rate contracts into an on-balance-sheet credit equivalent amount. The credit equivalent amount of interest-rate and exchange-rate contracts is the sum of: (1) current credit exposure, and (2) potential credit exposure.

## Current Credit Exposure

Current credit exposure is the replacement cost of the contract, measured in U.S. dollars, regardless of the currency specified in the contract.

Replacement cost is defined as the loss that would be incurred in the event of a counterparty default, as measured by the net cost of replacing the contract at the current market value. If default would result in a theoretical profit, the replacement value is considered to be zero. The calculation of replacement cost incorporates changes in both interest rates and counterparty credit quality.

## Netting of Current Replacement Value under Qualifying Bilateral Netting Agreements

The current replacement values of multiple rate contracts with a single counterparty may be netted under a qualifying bilateral netting agreement in accordance with the OTS' bilateral netting rule. [12 CFR 567.6(a)(2)(v)(B)] A bilateral netting agreement is a master contract under which two parties agree to net the amounts they owe each other under rate contracts covered by the agreement to reduce their credit exposure. Contracts may only be netted for capital purposes under this rule if:

- The rate contracts are between the same two parties;
- Only interest rate contracts and foreign exchange rate contracts are netted for capital purposes;
- The bilateral netting contract covering the rate contracts results in a single netted amount being payable or receivable in case of the default, insolvency, bankruptcy, or similar circumstance of either party; and
- Associations that are party to the bilateral netting agreement have legal opinions concluding that the contract would be upheld by the courts and other legal authorities of relevant jurisdictions.

## Potential Credit Exposure

Potential credit exposure is defined as the estimated potential increase in credit exposure over the remaining life of the contract. It is calculated by multiplying the notional principal amount of the contract by the following:

### Interest-rate Contracts

1. Zero percent, if the contract has a remaining maturity of one year or less, or
2. 0.5% if the contract has a remaining maturity greater than one year.

### Exchange-rate Contracts

1. 1.0% if the contract has a remaining maturity of one year or less, or
2. 5.0% if the contracts has a remaining maturity greater than one year.

The credit equivalent amount, consisting of the current exposure plus the potential credit exposure, is assigned to the appropriate risk-weight category and reported on one of the following lines:

#### 20% Risk-weight

CCR435	Claims on FHLBs
CCR445	Claims on Domestic Depository Institutions
CCR450	Other (where the counter party is a Federal Reserve Bank)

50% Risk-weight

CCR480

Other (where the counter party is other than a domestic depository institution, a FHLBank, or a Federal Reserve Bank)

## **CCR530: Excess Allowances for Loan and Lease Losses**

Report total ALLL less the amount reported on CCR350 (Supplementary Capital: Allowances for Loan and Lease Losses).

## **CCR65: Total Risk-weight Assets**

Report the sum of CCR40, CCR45, CCR50, and CCR55, minus CCR530.

This line will be automatically computed by the electronic filing software.

## **CCR70: Fully Capitalized Items**

Fully capitalized items are items that must be capitalized on a dollar-for-dollar basis, that is they have a 100% capital requirement rather than an 8% capital requirement. The only fully capitalized item at this time is the low level recourse amount discussed below.

### **Include:**

1. The amount of recourse liability (low level recourse amount) retained by a savings association when it is less than the capital requirement for credit-risk exposure and therefore not converted to an on-balance-sheet equivalent (e.g., in the sale of most assets with 1% recourse, the amount of liability retained usually is less than the capital requirement and therefore, 1% of the assets sold would be reported on CCR70); see the instructions for the 100% credit conversion factor in the Conversion of Off-balance-sheet Items to On-balance-sheet Equivalents section above;
2. Other items that may be defined by OTS for inclusion on this line.

## **CCR80: Risk-based Capital Requirement**

Report total risk-weight assets (CCR65) times the percentage capital requirement (8%) plus CCR70 (Fully Capitalized Items).

This line will be automatically computed by the electronic filing software.

## **CCR90: Amount of Risk-based Capital Greater Than (Less Than) Requirement**

Report CCR39 less CCR80. If CCR80 is greater than CCR39, report the deficit as negative.

This line will be automatically computed by the electronic filing software.



# **SCHEDULE CMR - CONSOLIDATED MATURITY AND RATE**

## **I. GENERAL INSTRUCTIONS**

### **Introduction**

Schedule CMR provides information about the interest rate, repricing, and maturity characteristics of all financial instruments held by savings associations. The information on Schedule CMR is used as input for the OTS Net Portfolio Value Model (OTS Model) that measures each institution's exposure to interest rate risk by estimating how a change in interest rates affects the market value of its assets, liabilities, and off-balance-sheet contracts. The results of the OTS Model are sent to each institution after the information it submits on Schedule CMR has passed the data edits.

To estimate the market value of a financial instrument, it is necessary to project its future cash flows, which in turn requires information on the following three items:

1. the outstanding balance of the instrument or, in the case of an off-balance-sheet contract, the notional principal amount of the position;
2. the contract interest rate of the instrument and, if the instrument is adjustable-rate, details concerning how and when the coupon will adjust in the future; and
3. the instrument's amortization schedule and maturity.

Because it is not possible to collect this information on Schedule CMR for individual financial instruments, information on instruments that display similar characteristics are grouped together. For example, institutions report the total outstanding balance of their 30-year conventional fixed-rate mortgages with coupons between 7.00% and 7.99% in CMR002. In CMR007 and CMR012, the average maturity and the average coupon of those balances are reported.

Collecting information about some financial instruments stratified by coupon range in this manner is an important feature of Schedule CMR. In preparing software to handle preparation of this report, institutions should note that, in the event of major changes in interest rates in the future, OTS may modify the coupon ranges being collected on the form.

## Reporting of Information

Information on Schedule CMR will be reported using the same consolidation instructions that apply to the other schedules of the Thrift Financial Report.

As a general rule, dollar amounts reported on Schedule CMR are outstanding balances, not carrying values. Exceptions are noted where appropriate. Outstanding balances should be reported net of loans in process and nonperforming loans. Nonperforming loans are defined as nonaccrual loans or loans that are at least 90 days past due but still accruing interest. Construction loans in process are reported in the Off-Balance-Sheet Positions section of Schedule CMR and nonperforming loans are reported in CMR501 and CMR511 in the Assets section. Balances should not be adjusted for contra-assets such as unamortized yield adjustments and valuation allowances.

Estimates of items requested on Schedule CMR are acceptable in the event that information necessary to report them is not available. For example, institutions may not have ready access to all required information for their holdings of mortgage loans serviced by others and mortgage securities.

## Format of Schedule CMR

Schedule CMR is divided into five sections. The first three sections collect information on assets, liabilities, and off-balance-sheet positions, respectively. All institutions must fill out these three sections of the report. The other two sections are optional (with some exceptions, as described in Section V entitled, Reporting of Market Value Estimates) and are provided to permit institutions to report additional information that will result in more accurate interest rate risk exposure estimates. A summary of each follows.

### Reporting of Market Value Estimates

This section of Schedule CMR provides institutions the option of reporting their own estimates of the market value (in nine interest rate scenarios) of several types of complex financial instruments. If these instruments were valued by the OTS Model, a significant amount of additional data would be required. The valuation estimates provided by reporting institutions will supplement or, in some cases, replace the OTS estimates for those instruments. The instruments dealt with in that section are (1) off-balance-sheet contracts, (2) mortgage-derivative securities, (3) liabilities with embedded options (e.g., callable debt), and (4) mortgage-derivative securities issued by the institution, and (5) structured securities. Some institutions are required to report market value estimates in the off-balance-sheet and mortgage-derivative portions of this section (see detailed instructions in Section V, Reporting of Market Value Estimates).

### Optional Supplemental Reporting

There are two optional supplemental reporting sections in Schedule CMR; one for assets and liabilities, and one for off-balance sheet positions.

In the section titled Optional Supplemental Reporting of Assets/Liabilities, institutions have the option of reporting more detailed information on certain assets and liabilities than is reported in the Assets and Liabilities sections of Schedule CMR. Use of this data by the OTS Model will result in more accurate interest rate risk exposure estimates for those institutions that choose to report it. Supplemental reporting is available for certain types of loans, investments in mortgage-related mutual funds, investments in "other" investment securities, and variable-rate fixed-maturity liabilities. See Section VI for more information.

In the section titled Optional Supplemental Reporting for Off-Balance Sheet Positions, institutions may report any off-balance sheet positions they hold in excess of the 16 that can be accommodated in the

Off-Balance Sheet section of Schedule CMR. See Section IV, Off-Balance Sheet Positions, and Section VII, Optional Supplemental Reporting for Off-Balances Sheet Positions for more information.

## Calculation of Weighted Averages

Many of the items that are reported on Schedule CMR require that “weighted averages” be calculated for certain items. The calculation of the weighted average coupon and other measures that are reported on Schedule CMR are described below.

### Weighted Average Coupon (WAC)

The WAC is the average coupon of a group of assets, liabilities, or off-balance-sheet contracts, where the coupon of each individual instrument in the group is weighted by its outstanding dollar balance, as a proportion of the total dollar balances of the group. Unless otherwise stated in the reporting instructions for a specific instrument, the interest rates for all assets should be expressed as **annual simple interest rates (coupon rates for securities and contract rates for loans)**, and the interest rates for all liabilities should be expressed as annual percentage yields. For mortgage loans that are serviced by others, report the contract rate of the loan (*i.e.*, do not subtract the servicing fee). All WACs should be reported in percent, to two decimal places (*e.g.*, 10.54).

The following example illustrates the calculation of the WAC of an institution’s portfolio of 30-year single-family fixed-rate mortgages with coupons between 9.00% and 9.99%.

**Example:** Suppose an institution has three such mortgages, with outstanding balances totaling \$350,000. The mortgages have outstanding balances and coupons of \$100,000 and 9.75%, \$110,000 and 9.5%, and \$140,000 and 9.0%. The WAC for this portfolio would be calculated as follows:

$$\begin{aligned}\text{WAC} &= \frac{\$100,000 (9.75\%) + \$110,000 (9.5\%) + \$140,000 (9.0\%)}{\$350,000} \\ &= 9.37\%\end{aligned}$$

Details of the computation of the WAC may vary for certain instruments. Further instructions are given in the relevant sections of the instructions.

### Weighted Average Pass-Through Rate

The pass-through rate is the net interest rate passed through to the holder of a mortgage pass-through security after servicing, management, and guarantee fees have been deducted from the gross coupon of the mortgages underlying the security. The weighted average pass-through rate is the average coupon of a group of mortgage pass-through securities where the coupon of each security in the group is weighted by its outstanding dollar balance, as a proportion of the total dollar balances of the group. The interest rates for all assets should be expressed as **annual simple interest rates**. All weighted average pass-through rates should be reported in percent, to two decimal places (*e.g.*, 10.54).

The following example illustrates the calculation of the weighted average pass-through rate of an institution’s portfolio of 30-year single-family fixed-rate mortgage securities with coupons between 9.00% and 9.99%.

**Example:** Suppose an institution has three such mortgage pass-through securities with outstanding balances totaling \$350,000. The securities have outstanding balances and pass-through rates of \$100,000 and 9.5%, \$110,000 and 9.5%, and \$140,000 and 9.0%. The weighted average pass-through rate for this portfolio would be calculated as follows:



$$\begin{aligned}\text{Weighted Average Pass-Through Rate} &= \frac{\$100,000 (9.5\%) + \$110,000 (9.5\%) + \$140,000 (9.0\%)}{\$350,000} \\ &= 9.30\%\end{aligned}$$

### Weighted Average Remaining Maturity (WARM)

The WARM is the average remaining maturity, **in months**, for a group of assets or liabilities where the maturity of each individual asset or liability is weighted by its outstanding dollar balance, as a proportion of the total dollar balances of the group. Values should be rounded to the nearest month. (Rounding should be performed after the calculation has been completed.) The following example illustrates the calculation of the WARM for fixed-rate consumer loans.

**Example:** Suppose an institution had three fixed-rate consumer loans with total outstanding balances of \$40,000. Two are auto loans with respective outstanding balances and remaining maturities of \$10,000 and 48 months, and \$1,000 and 12 months. The third is a mobile home loan with an outstanding balance of \$29,000 and a remaining term of 120 months. The WARM for this institution's fixed-rate consumer loans would be calculated as follows.

$$\begin{aligned}\text{WARM} &= \frac{\$10,000 (48) + \$1,000 (12) + \$29,000 (120)}{\$40,000} \\ &= 99.3 \text{ months} \\ &= 99 \text{ months (rounded to the nearest month)}\end{aligned}$$

For **balloon mortgages**, use the number of months until payment of the balloon in this calculation. For example, suppose an institution had two balloon mortgages, each with an outstanding balance of \$100. The first amortizes over 240 months but the entire remaining principal is to be paid as a balloon in 60 months. The second amortizes over 360 months, but has a balloon payment in 84 months. The WARM for this institution's balloon mortgages would be 72 months. [ $72 = (\$100/\$200) \times 60 + (\$100/\$200) \times 84$ ]. An exception to this treatment exists for single-family adjustable-rate mortgages reported in CMR096 through CMR120, Balloon Mortgages and MBS. See that section for details.

**Loans that have matured**, but still have a principal balance outstanding should be treated as nonperforming loans if past due for more than 90 days, and therefore should not be included in this calculation. Such loans that are less than 90 days past due should be included in the calculation of the WARM and assigned a remaining maturity of 1 month.

For loans made under **open-end lines of credit**, maturity should be calculated by assuming that the borrower will repay the existing loan balance by making the minimum payments required by the repayment schedule.

For **demand loans** (either adjustable- or fixed-rate) that pay interest only and have no definite maturity, use 1 month in the calculation of the WARM.

### Weighted Average Margin

For the purposes of Schedule CMR reporting the margin of an adjustable-rate loan or deposit is the amount added to the index rate to derive the fully-indexed coupon rate. Institutions with adjustable-rate loans or deposits for which the coupon is determined by multiplying an index by some factor should calculate an additive margin each quarter by subtracting the value of the index from the fully-indexed coupon rate. All weighted average margins should be reported in **basis points**. When calculating weighted average margins for mortgage securities and asset-backed securities, use the net margin for securities (that is, not including servicing and guarantee fees). For loans serviced by others, use the

gross margin in this calculation. That is, do not subtract the servicing fee. Details for specific types of loans are given in the relevant sections of the instructions.

The following example illustrates the calculation of the weighted average margin of adjustable-rate mortgage loans and securities.

**Example:** Suppose an institution had a portfolio containing an adjustable-rate single-family first mortgage loan and a mortgage security backed by adjustable-rate single-family first mortgage loans, both indexed to the 1-year Treasury rate. The loan and the security each have an outstanding balance of \$100,000. The loan has a gross margin of 225 basis points. The loans backing the security have a gross margin of 225 basis points, and the reporting institution receives a pass-through rate of 1-year Treasury plus 175 (the guarantee and servicing fees amount to 50 basis points). The security's net margin of 175 basis points should be used to calculate the weighted average margin.

$$\begin{aligned}\text{Weighted Average Margin} &= \frac{\$100,000 (225) + \$100,000 (175)}{\$200,000} \\ &= 200 \text{ b.p.}\end{aligned}$$

## Relationship of Items Reported on Schedules CMR and SC

Information reported by an institution on Schedule CMR is related to the information reported on Schedule SC as follows.

### Assets

CMR550 (Total Assets) equals the sum of

CMR125	CMR185	CMR261	CMR262	CMR281
CMR282	CMR291	CMR292	CMR311	CMR312
CMR325	CMR326	CMR335	CMR336	CMR377
CMR378	CMR490	CMR501	CMR502	CMR503
CMR508	CMR511	CMR512	CMR517	CMR520
CMR525	CMR530	CMR535	CMR538	CMR541
CMR543	CMR544			
– less the sum of –				
CMR504	CMR507	CMR513	CMR516	CMR539
CMR540				

SC60 (Total Assets) equals CMR550.

SC10 (Cash, Deposits, and Investment Securities) equals the sum of

CMR377	CMR378	CMR490	CMR538
– less the sum of –			
CMR539	CMR540		

SC20 (Mortgage Pool Securities) plus SC23 (Mortgage Loans) equals the sum of

CMR125	CMR185	CMR261	CMR262	CMR281
CMR282	CMR291	CMR292	CMR311	CMR312
CMR501	CMR502	CMR503	CMR508	CMR578
– less the sum of –				
CMR504	CMR507	CMR580		

SC30 (Nonmortgage Loans) equals the sum of

CMR325	CMR326	CMR335	CMR336	CMR511
CMR512	CMR517	CMR580		
– less the sum of –				
CMR513	CMR516	CM578		

SC40 (Reposessed Assets) equals CMR525

SC45 (Real Estate Held for Investment) equals CMR520

SC55 (Office Premises and Equipment) equals CMR535

SC58 (Other Assets) equals the sum of

CMR541	CMR543	CMR544
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**Liabilities and Equity Capital**

The sum of SC710 (Deposits), SC72 (Borrowings), and SC715 (Unamortized Yield Adjustments on Deposits) equals the sum of

CMR645	CMR715	CMR723	CMR730	CMR737
CMR744	CMR762	CMR765	CMR768	CMR771
CMR782	CMR784	CMR785		

– less –

CMR755

The sum of SC75 (Other Liabilities) and SC783 (Escrows) equals the sum of

CMR775	CMR777	CMR779	CMR786	CMR787
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SC799 (Redeemable Preferred Stock and Minority Interest in Consolidated Subsidiaries) equals the sum of CMR793 and CMR755

SC80 (Total Equity Capital) equals CMR796

## II. ASSETS

### Terms Used in the Assets Section

The following terms are used throughout the assets section of the Schedule CMR Instructions.

**Dwelling Unit:** This is a unified combination of rooms, whether existing or under construction, designed for residence by one family. This classification is not changed because of incidental use for business purposes.

**Single-Family Mortgages:** For purposes of Schedule CMR, this category includes all permanent loans and combination construction/permanent loans secured by: (a) one-family dwellings in detached or semi-detached structures; (b) individual permanently financed units in a condominium, cooperative, or time-sharing arrangement where the owner of each unit has an undivided proportional interest in the underlying real estate and common elements of the structure; or (c) structures consisting of 2 to 4 dwelling units.

**Multifamily Mortgages:** For purposes of Schedule CMR, this category includes all permanent loans and combination construction/permanent loans secured by residential property containing 5 or more dwelling units. It includes mortgages on fraternity or sorority houses offering sleeping accommodations, living accommodations for students or staff of a college or hospital, and retirement homes with sleeping and eating accommodations that are not condominiums or cooperatives. In these cases, the number of dwelling units will be determined by the number of bedrooms.

**Nonresidential Mortgages:** For purposes of Schedule CMR, this category includes all permanent loans and combination construction/permanent loans secured by properties not covered by the definition of single-family dwelling units, multifamily dwelling units, or land loans. This includes mobile home parks, hospitals, nursing homes, churches, stores, other commercial property, and properties used for farming, regardless of the presence/absence of a dwelling unit on the property.

**Construction and Land Loans:** Construction and land loans are reported as a single balance on Schedule CMR. This category includes most loans of the types classified as construction or land loans on, including loans to acquire and develop land, loans for developed building lots, loans for unimproved land, construction loans secured by single-family, multifamily, or nonresidential properties, and loans to developers secured by land on which any of these properties is being constructed. It does not include, however, combination construction/permanent mortgages on any type of property. (Such loans are included with permanent mortgages of the relevant types.)

**Nonperforming Loans:** Nonperforming loans are defined, for purposes of Schedule CMR, as nonaccrual loans and loans that are at least 90 days past due but still accruing interest.

**Teaser ARMs:** Teaser ARMs are defined as adjustable rate mortgages that were originated at introductory rates below the fully indexed rate (so-called “teaser” rates) and that remain at their introductory rates (i.e., they have not reset).

**Balloon Mortgages:** Fixed-rate balloon mortgages are defined as fixed-rate mortgages with a remaining maturity that is at least 10 years shorter than the remaining time to full amortization. For example, a fixed-rate mortgage that matures in 4 years and that would require 14 years to amortize fully is considered a balloon mortgage.

**Call Loans:** For purposes of these instructions, call loans are extensions of credit in which the lender may require repayment of outstanding principal on one or more contractually specified “call” dates,

irrespective of any contractual maturity date. Upon being “called” by the lender, such loans are often refinanced (or “rolled over”) under new terms, upon mutual agreement of lender and borrower.

**Pass-through securities:** These are securities that convey ownership of a fractional part of each asset in a pool of assets backing the security. Principal and interest payments generated by the underlying pool of assets are collected by the issuer and passed through to each security owner in proportion to their share of ownership.

**Pay-through securities:** These securities represent secured debt of the issuer. They give an investor a security interest in, but not ownership of, the underlying assets. For purposes of Schedule CMR, any asset-backed security that does not meet the definition of pass-through securities, above, should be considered a pay-through security.

## Fixed-Rate, Single-Family, First Mortgage Loans and Mortgage-Backed Securities

Report in this section requested information about performing fixed-rate, single-family, first mortgage loans, participations in such loans, and pass-through securities backed by such loans.

### Include:

1. fixed-rate, fully amortizing mortgages,
2. fixed-rate, balloon payment mortgages,
3. mortgages with a single rate adjustment (e.g., those that would qualify for the FNMA “Two-Step Mortgage” program),
4. mortgages with interest rates that adjust less often than every 5 years,
5. mortgages with coupons that were adjustable in the past, but for which the coupon will remain fixed for the remaining maturity,
6. mortgages with rates that change over time by pre-specified steps (e.g., a “2/1 Buydown” with rates scheduled to be 7% in year one, 8% in year two, and 9% thereafter),
7. some “call” mortgages, as described below,
8. combination construction/permanent mortgages for single-family dwellings whose interest rates are fixed for the entire term of the loan.

### Do not include:

1. nonperforming mortgages (these are reported in CMR501),
2. mortgage “warehouse” loans, i.e., loans collateralized by mortgage loans rather than liens directly on real estate (these are reported as commercial loans in CMR326),
3. mortgages serviced by the reporting institution for others (these are reported in the section dealing with mortgage servicing rights, CMR401 through CMR450),
4. second mortgages, secured home improvement loans, or home equity loans, regardless of whether the institution also holds the first lien or whether the loan is secured by a first lien. These are reported as second mortgages in CMR312.

All information described below is collected according to coupon range and type of loan or security.

**Coupon Range:** Mortgages should be divided into the following coupon categories: Less than 7%, 7-7.99%, 8-8.99%, 9-9.99%, and 10% and greater. Each mortgage loan and participation should be

reported in the coupon range that corresponds to its contract rate. (For loans serviced by others, be careful to report according to the contract rate of the loans. That is, do not subtract the servicing fee.) Each mortgage security should be reported in the coupon range that corresponds to the coupon rate of the security (*i.e.*, the pass-through rate). For example, a FNMA security with a pass-through rate of 8.5% and for which the collateral has a WAC of 9.25% should be reported in the 8-8.99% coupon column.

Within each coupon range, mortgages should be divided into the following broad groups:

1. 30-year mortgage loans,
2. securities backed by 30-year conventional mortgages,
3. securities backed by 30-year FHA or VA mortgages,
4. 15-year mortgages and mortgage securities, and
5. balloon mortgages and mortgage securities.

Information requested for the five groups differs somewhat, however, the following general information applies, unless the instructions state differently:

1. Wherever a balance is requested, report the outstanding principal balance (not the carrying value) of mortgage loans, the pro rata share of the outstanding principal balance of participations in mortgages, and the outstanding principal balance of mortgage securities.
2. Wherever a weighted average remaining maturity (WARM) is requested, refer to the calculation of the WARM described in Section I, the General Instructions to Schedule CMR.
3. Wherever a weighted average coupon (WAC) is requested, refer to the calculation of the WAC described in the General Instructions to Schedule CMR.
4. Wherever a weighted average pass-through rate is requested, refer to the calculation of the weighted-average pass-through rate described in the General Instructions.

A detailed description of the information to be reported for each group follows.

### **CMR001 Through CMR020: 30-Year Mortgages and MBS: Mortgage Loans**

Include all fully amortizing mortgage loans and participations in fully amortizing mortgage loans with an original maturity of at least 25 years (except those with a bi-weekly payment feature, which should be reported with 15-year mortgages, below). Include construction/permanent mortgages whose rates are fixed for the entire term of the loan. Report outstanding **balances**, by coupon range, in CMR001 through CMR005. For each balance, report the **weighted average remaining maturity** and the **weighted average coupon** in the corresponding column of CMR006 through CMR010 and CMR011 through CMR015, respectively. Of the loan balances reported on CMR001 through CMR005, report the amount of each that is **FHA or VA guaranteed** in CMR016 through CMR020, as appropriate.

### **CMR026 Through CMR040: 30-Year Mortgages and MBS: Securities Backed by Conventional Mortgages**

Include FHLMC, FNMA, and privately issued mortgage securities backed by fully amortizing mortgage loans with original maturity of at least 25 years (except those with a bi-weekly payment feature, which should be reported with 15-year mortgage securities, below). Report the outstanding **balances** of those securities in CMR026 through CMR030 according to the coupon rates of the securities. For each balance, report the **weighted average remaining maturity** in CMR031 through CMR035, and report the **weighted average pass-through rate** corresponding to each balance in CMR036 through CMR040.

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**CMR046 Through CMR060: 30-Year Mortgages and MBS: Securities Backed by FHA Or VA Mortgages**

Include all GNMA and other mortgage securities backed by fully amortizing FHA and VA mortgage loans with original maturity of at least 25 years (except those having a bi-weekly payment feature, which should be reported with 15-year mortgage securities, below). In CMR046 through CMR050 report, by coupon range, outstanding **balances** of these mortgage securities. For each balance entered in CMR046 through CMR050, report the **weighted average remaining maturity** in CMR051 through CMR055 and the **weighted average pass-through rate** in CMR056 through CMR060.

**CMR066 Through CMR090: 15-Year Mortgages and MBS**

Include all fully amortizing mortgage loans with an original maturity of less than 25 years, participations in such loans, and mortgage securities backed by such loans. (Also include bi-weekly payment mortgages having original maturity of 25 years or more.) Include construction/permanent mortgages whose rates are fixed for the entire term of the loan. In CMR066 through CMR070 report, by coupon range, the outstanding principal **balances** of such mortgage loans and participations. In CMR071 through CMR075, report the **weighted average coupon** of each balance reported in CMR066 through CMR070. Report the outstanding principal **balance** of mortgage securities backed by loans of this type, by coupon range, in CMR076 through CMR080. (Place security balances into the coupon range corresponding to the pass-through rate of the security.) The **weighted average pass-through rate** of the securities should be reported in CMR081 through CMR085. Report in CMR086 through CMR090, by coupon range, the **weighted average remaining maturity** of the loans and securities reported in each coupon range.

**CMR096 Through CMR120: Balloon Mortgages and MBS**

Report in this section requested information about the following types of single-family first mortgage loans, participations in such loans, and securities backed by such loans.

**Include:**

1. Balloon payment mortgages. Fixed-rate balloon mortgages which are defined for the purposes of these instructions as fixed-rate mortgages with a remaining maturity that is at least 10 years shorter than the remaining time to full amortization. For example, a fixed-rate mortgage that matures in 4 years and that would require 14 years to amortize fully is considered a balloon mortgage.
2. Mortgages scheduled for a single rate adjustment, such as those that would qualify for the FNMA "Two-Step " mortgage program.
3. Adjustable-rate mortgages whose coupons reset less frequently than every 5 years.
4. Some "call loans," as described below. "Call loans" are those for which the lender has the option, on a particular date, to require repayment of the loan or to "roll it over" into a loan with potentially different terms. In particular, the interest rate of a call loan is subject to change on the call date.

In CMR096 through CMR100 report, by coupon range, the outstanding principal **balances** of the above listed types of mortgage loans and participations. In CMR101 through CMR105, report the **weighted average coupon** of each balance reported in CMR096 through CMR100. Report the outstanding principal **balance** of mortgage securities backed by loans of this type, by coupon range, in CMR106 through CMR110. (Place security balances into the coupon range corresponding to the pass-through rate of the security.) The **weighted average pass-through rate** of the securities should be reported in CMR111 through CMR115. Report in CMR116 through CMR120, by coupon range, the **weighted**



**average remaining maturity** of the loans and securities reported in each coupon range. The remaining maturity should be calculated based on the number of months remaining until the:

1. date the balloon payment is due (for balloon mortgages);
2. next scheduled payment reset date (for mortgages with a single rate-adjustment and mortgages with interest rates that adjust less often than every 5 years);
3. next "call" date (for "call mortgages");

**If the terms of the mortgage change:**

If the terms on such a mortgage are changed following a scheduled rate reset or as a result of the loan being "rolled over" on its balloon due date or "call date," the mortgage should be reclassified as follows:

1. If the interest rate will remain fixed for the remaining term of the mortgage, report it as a single-family 30-year fixed-rate mortgage (CMR001 through CMR060) or a single-family 15-year fixed-rate mortgage (CMR066 through CMR090), depending on the length of time between the date of final principal repayment and the date that the original mortgage was originated. If that time period is at least 25 years, report the mortgage with the 30-year fixed-rate mortgages; if less, report it with the 15-year fixed-rate mortgages.)
2. If the interest rate is scheduled to reset at least every 5 years during the remaining maturity of the mortgage (or if the mortgage is subject to a series of "calls" no more than 5 years apart), report it as a single-family adjustable-rate mortgage (CMR141 through CMR245).
3. Otherwise continue to report the loan as a balloon mortgage.

**Examples:**

1. A 7-year balloon mortgage amortizes according to a 30-year schedule.
  - a. During the 7 years before the balloon payment date, the mortgage is reported as a balloon mortgage. Its remaining maturity is equal to the number of months until the balloon payment is due.
  - b. If, after 7 years, the mortgage is "rolled over" into a fully-amortizing, fixed-rate mortgage with 23 years remaining maturity, it would thereafter be reported as a 30-year fixed-rate mortgage (CMR001 through CMR060). (The time between origination and final maturity of the mortgage in this example is 30 years [= 7 years + 23 years], which exceeds the 25-year criterion for reporting in the 30-year fixed-rate category.)
2. Suppose that, instead of 30 years, the balloon mortgage in Example 1 had been amortizing according to a 20-year schedule and, after 7 years, was rolled over into a fully-amortizing fixed-rate loan with 13 years remaining maturity.
  - a. Upon being rolled over, the loan would be reported as a 15-year fixed-rate mortgage because its 20-year total maturity is less than the 25-year cutoff for inclusion in the 30-year mortgage category.
3. A 30-year maturity "two-step" mortgage is scheduled for a single interest rate reset after 5 years.
  - a. During the first 5 years of its life the mortgage is reported as a balloon mortgage, with its remaining maturity equal to the number of months until the rate reset date.
  - b. Following the rate reset, it is reported as a 30-year fixed-rate mortgage and its remaining maturity is equal to the number of months until the maturity date.
4. A 30-year fixed-rate mortgage may be "called" after 6 years. **No further "calls" or rate resets** are stipulated in the note.

- a. The mortgage is reported as a balloon for the first 6 years of its life. Its remaining maturity is equal to the number of months until the "call" date.
  - b. If the mortgage is "rolled over" after 6 years, its reporting would depend on the provisions written into the new or amended note.
5. A 30-year mortgage has a fixed rate of interest for 6 years, but the contract stipulates that the rate will be adjusted annually thereafter.
  - a. For the first 1 year of its life the mortgage is reported as a balloon mortgage, with its remaining maturity equal to the number of months until the rate reset date.
  - b. After the first year, it is reported in the single family, adjustable-rate mortgages section (CMR141 through CMR245), since in the future its interest rate will be subject to reset at least every 5 years, as required for reporting in that section. The remaining maturity of the mortgage is equal to the number of months until the final maturity date.
6. A 30-year fixed-rate mortgage may be called after 6 years and is subject to **annual calls thereafter**.
  - a. The reporting would be the same as in Example 5. Scheduled resets and "calls" are treated as being equivalent.
7. A 30-year mortgage is subject to rate resets (or "calls") every 5 years.
  - a. It is reported as an adjustable-rate mortgage, because the interest rate may potentially be reset at least every 5 years as required for reporting in the adjustable-rate mortgages section.

### **CMR125: Total Fixed-Rate, Single-Family, First Mortgage Loans and Mortgage-Backed Securities**

Report the total balances of the mortgage loans, participations, and securities reported on this page in CMR125. Specifically, report the sum of: CMR001 through CMR005, CMR026 through CMR030, CMR046 through CMR050, CMR066 through CMR070, CMR076 through CMR080, CMR096 through CMR100, and CMR106 through CMR110.

### **Adjustable-Rate, Single-Family, First Mortgage Loans and Mortgage-Backed Securities**

Report in this section requested information about performing adjustable-rate, single-family, first mortgage loans (ARMs), participations in such loans, and pass-through securities backed by such loans.

#### **Include:**

1. adjustable-rate, fully amortizing mortgages,
2. adjustable-rate, balloon payment mortgages,
3. fixed-rate mortgages subject to "call" at contractually-set intervals of at most every 5 years,
4. adjustable-rate mortgages that are owned by, but not serviced by, the reporting institution,
5. combination construction/permanent mortgages for single-family dwellings with interest rates meeting any of the above criteria, even if construction has not been completed.

**Do not include** the following types of mortgages, which should be reported with fixed-rate mortgages in CMR001 through CMR125:

1. mortgages with a single rate adjustment (e.g., those that would qualify for the FNMA "Two-Step Mortgage" program),

2. mortgages with interest rates that adjust less often than every 5 years,
3. mortgages with coupons that were adjustable in the past, but that are scheduled for no further rate adjustments during their remaining term, and
4. mortgages with rates that change over time by pre-specified steps (e.g., a "2/1 Buydown" with rates scheduled to be 7% in year one, 8% in year two, and 9% thereafter).

Also, **do not include:**

5. nonperforming mortgages (which are reported in CMR501),
6. mortgage "warehouse" loans, *i.e.*, loans collateralized by mortgage loans rather than liens directly on real estate (these are reported as commercial loans in CMR325),
7. mortgages serviced by the reporting institution for others (which are reported in the section dealing with mortgage servicing rights, CMR401 through CMR450), and
8. second mortgages, even when the reporting institution holds both the first and second liens (these are reported as second mortgages in CMR311).

Mortgages should be grouped according to type of index (current market or lagging market) and frequency of coupon reset, as described below. ARMs that were originated at introductory rates below the fully indexed rate (*i.e.*, at "teaser" rates) and that remain at their introductory rates (*i.e.*, have not yet reset) are reported separately (in CMR141 through CMR150) from other ARMs (which are reported in CMR156 through CMR215). Do not distinguish between convertible and non-convertible ARMs.

### Current Market Index Arms

For purposes of these instructions, ARMs with indices that adjust quickly to changes in market interest rates are termed "current market index ARMs." Examples of current market indices include:

1. rates on Treasury securities,
2. prime rate,
3. London Interbank Offered Rate (LIBOR),
4. FHLB advance rate, and
5. FHLMC 60-day rate.

Indices that adjust to changes in market interest rates less quickly are termed "lagging market" indices, and ARMs using such indices are grouped separately. (See Lagging Market Index ARMs, below.)

Current market index ARMs should be divided into three groups based on the frequency with which their coupons reset. (Group ARM securities according to the frequency with which their underlying loans reset, not the coupon reset frequency of the security.) Current market index ARMs with coupons that reset:

1. every six months or less should be reported in the Current Market Index column labeled "6 Mo. or Less";
2. less frequently than semiannually, but at least every 2 years, should be reported in the Current Market Index column labeled "7 Mo. to 2 Yrs."; and
3. less often than every 2 years, but at least every 5 years, should be reported in the "2+ Yrs. to 5 Yrs." column.

ARMs that reset less often than every 5 years are reported with Fixed-Rate Balloon Mortgages (see instructions above).

ARMs that have irregular adjustment periods should be grouped according to the **remaining time until the loan is scheduled to begin accruing at a new rate**. For example, an ARM with a rate that is scheduled to reset for the first time after 36 months and then annually thereafter would be reported in the "2+ Yrs. to 5 Yrs." column during the first 12 months of its life and in the "7 Mo. to 2 Yrs." column thereafter.

## Lagging Market Index ARMs

For purposes of these instructions, ARMs with indices that adjust to changes in market interest rates less quickly than "current market" indices are termed "lagging market index ARMs." Examples of lagging indices include:

1. cost of funds indices (e.g., FHLB 11th District Cost-of-Funds Index, Federal Cost of Funds Index),
2. National Average Contract Rate for the Purchase of Previously Occupied Homes,
3. indices that are more than three months old (e.g., rate adjustment is based on the 1-year CMT yield six months prior to the adjustment date),
4. indices based on portfolio rates, rather than current offered rates, and
5. rolling averages of indices using an index within the average that is more than three months old.

Information about lagging index ARMs should be divided into two groups based on the frequency with which their accrual rates reset. (Group ARM securities based on the frequency with which their underlying loans reset, not the coupon reset frequency of the security.) Lagging market index ARMs with accrual rates that reset:

1. monthly or less should be reported in the Lagging Market Index column labeled "1 Month";
2. less often than monthly, but at least every 5 years, should be reported in the Lagging Market Index column labeled "2 Mo. to 5 Yrs."

Lagging index ARMs that reset less often than every 5 years are reported with Fixed-Rate Balloon Mortgages (see instructions above). Fixed-rate "call" mortgages that qualify for reporting as ARMs should be reported in the Lagging Market Index column that best approximates the number of months between call dates.

## ARMs Not Indexed To Treasury, LIBOR, or COF

The OTS Net Portfolio Value Model that estimates institutions' interest rate exposure assumes the coupons of ARMs are determined by adding the reported margin to a Treasury rate index (for current market index ARMs) or a COF index (for lagging index ARMs). This treatment may result in inaccurate interest rate exposure estimates for ARMs whose coupons are not tied to a Treasury, LIBOR, or COF index (*i.e.*, not tied to the interest rates represented by codes 303 through 412, 811, 812, or 820 in Appendix A). Examples of ARMs not tied to those indices include those indexed to the prime rate or the National Average Contract Rate, and those with no contractual index whose coupon rates are set at the lender's discretion at each reset interval.

Institutions with ARMs whose coupons are indexed to something **other** than a Treasury, LIBOR, or COF index should use the following reporting treatment.

After categorizing all ARM balances into the appropriate columns as described in the previous two sections, calculate what percent of each column's total balance (that is both teaser and non-teaser) is comprised of ARMs indexed to Treasury or LIBOR (for current marked indices) or a COF index (for lagging market indices).

If the ARM balances tied to a Treasury, LIBOR, or COF index comprise less than fifty percent of the total (i.e., both teaser and non-teaser) balance in a given column, report an entry of 9999 in the margin cell for that column (CMR161 through CMR165).

If the ARM balances tied to a Treasury, LIBOR, or COF index comprise fifty percent or more of the total (i.e., both teaser and non-teaser) balance, calculate the margin for that column based on only the margins of the non-teaser ARM balances that are tied to Treasury, LIBOR, or to a COF index.

All other ARM characteristics reported in the column (e.g., WAC, WARM, time until next payment reset, rate caps and floors) should be based on all ARM balances in the column.

## Teaser ARMs

“Teaser” ARMs are adjustable rate mortgages that were originated with a temporary, introductory interest rate (i.e., a “teaser” rate). For purposes of Schedule CMR, an ARM should be reported as a Teaser ARM if:

1. it was originated with an accrual rate that was below the fully-indexed rate,
2. this introductory rate was scheduled to reset 12 months or less after the first scheduled payment, and
3. the ARM’s first reset date has not yet passed.

Mortgages whose interest rates are fixed for a specified number of years and then adjust annually (such as so-called 3/1 or 5/1 ARMs), should generally **not** be reported as Teaser ARMs, because they will rarely meet criteria (a) through (c) above.

### **CMR141 Through CMR145: Balances Currently Subject to Introductory Rates**

The outstanding balance of teaser ARM loans, participations, and securities currently subject to teaser rates should be reported by type of index and reset frequency in CMR141 through CMR145.

### **CMR146 Through CMR150: Weighted Average Coupon (WAC)**

The WAC for each index and reset frequency category should be reported, in percentage points, in CMR146 through CMR150. Calculate the WAC as described in Section I, the General Instructions to Schedule CMR, using **coupon rates for mortgage loans and pass-through rates for mortgage securities**. For loans serviced by others, use the contract rate of the loans in this calculation. That is, do not subtract the servicing fee.

For example, suppose an institution has \$100,000 in ARM loans currently paying 8% interest and \$200,000 of ARM securities with a pass-through rate of 7.40%. That institution would report a WAC of 7.60% for the combined \$300,000 balance. That is,

$$\begin{aligned} \text{WAC} &= \frac{\$100,000 (8.00\%) + \$200,000 (7.40\%)}{\$300,000} \\ &= 7.60\% \end{aligned}$$

Note that for 1-month COFI ARMs, the WAC should be calculated using the interest rate on which the current payment is based, not the accrual rate.

## Non-Teaser ARMs

Report the following items by type of index and reset frequency for ARMs that are not subject to an introductory teaser rate:

### **CMR156 Through CMR160: Balances of All Non-Teaser ARMs**

The outstanding balance of loans, participations, and securities in each index and reset frequency category should be reported in CMR156 through CMR160.

### **CMR161 Through CMR165: Weighted Average Margin**

The weighted average margin of each ARM category should be reported, in basis points, in CMR161 through CMR165. The weighted average margin is calculated as described in Section I, the General Instructions to Schedule CMR.

In calculating the weighted average margin, use the contractual margin (the amount added to the index to calculate the fully-indexed rate), not the difference between the current coupon and the index (which may differ from the contractual margin when rate caps or floors are binding). For ARM securities use the net margin, that is, the gross margin of the underlying loans less servicing and guarantee fees. For loans serviced by others use the gross margin in the calculation (*i.e.*, do not subtract the servicing fee). For mortgages whose interest rates are fixed for a specified number of years and then adjust annually (such as so-called 3/1 or 5/1 ARMs), report the margin that will be used when the annual adjustments begin.

If ARMs tied to a Treasury, LIBOR, or COF index comprise less than 50 percent of the balances in a given column of the ARMs section, report an entry of 9999 in the margin cell.

### **CMR166 Through CMR170: Weighted Average Coupon (WAC)**

The WAC for each category should be reported, in percentage points, in CMR166 through CMR170. Calculate the WAC as described in the General Instructions to Schedule CMR, using **coupon rates for mortgage loans and pass-through rates for mortgage securities**. For loans serviced by others, use the contract rate of the loans in this calculation. That is, do not subtract the servicing fee.

For example, suppose an institution has \$100,000 of ARM loans currently paying 8% interest and \$200,000 of ARM securities with a pass-through rate of 7.40%. That institution would report a WAC of 7.60% for the combined \$300,000 balance. That is,

$$\begin{aligned} \text{WAC} &= \frac{\$100,000 (8.00\%) + \$200,000 (7.40\%)}{\$300,000} \\ &= 7.60\% \end{aligned}$$

Note that for 1-month COFI ARMs, the WAC should be calculated using the interest rate on which the current payment is based, not the accrual rate.

### **CMR171 Through CMR175: Weighted Average Remaining Maturity (WARM)**

The WARM for each category should be reported in CMR171 through CMR175. The WARM is calculated as described in the General Instructions to Schedule CMR. For adjustable-rate balloon mortgages use the number of months until the balloon payment is due. For combination construction/permanent mortgages use the number of months until maturity of the permanent mortgage.

**CMR176 Through CMR180:      *Weighted Average Time Until Next Payment Reset***

The weighted average number of months until the next payment reset for each category should be reported, in months, in CMR176 through CMR180. (The date of the next payment reset of an ARM is defined as the date on which the new payment is due to be received by the institution, not the date on which the loan begins to accrue at the new interest rate.) Calculate this item in the same manner as the weighted average remaining maturity described in the General Instructions to Schedule CMR, using the number of months until next payment reset for each loan or mortgage security instead of the remaining maturity.

For example, an institution has two ARMs indexed to the 1-year Constant Maturity Treasury yield. One has a balance of \$50,000 and 2 months until next payment reset; the other has a balance of \$150,000 with 10 months until next payment reset. The institution would report 8 months as the weighted average time until next payment reset in CMR177, in the "1-Year Reset" column.

$$\begin{aligned} \text{Weighted Average Time Until Next Payment Reset} &= \frac{\$50,000 (2 \text{ mo.}) + \$150,000 (10 \text{ mo.})}{\$200,000} \\ &= 8 \text{ months} \end{aligned}$$

For ARMs with accrual rates and payments that reset at different frequencies (e.g., 1-month COFI ARMs), be careful to use the months to next **payment** reset, not months to next reset of the accrual rate.

**CMR185:    *Total Adjustable-Rate, Single-Family, First Mortgage Loans & Mortgage-Backed Securities***

Report, in CMR185, the outstanding balance of all ARM loans, participations, and securities reported in CMR141 through CMR145 and CMR156 through CMR160.

**ARM Balances by Distance to Lifetime Cap**

Information about the proximity of ARM coupons to their lifetime interest rate caps is collected in CMR186 through CMR215. Group all ARM loans, participations, and securities reported in CMR185 by the distance between the current coupon of each and its lifetime cap, as described below. For securities, use the distance between the pass-through rate and its lifetime cap (*i.e.*, the "net" lifetime cap). For 1-month COFI ARMs, calculate the distance between the cap and the interest rate on which the current payment is based, not the accrual rate.

**CMR186 Through CMR190:      *Balances with Coupon Within 200 b.p. of Lifetime Cap***

Report the outstanding balances of ARM loans, participations, and securities for which the current coupon is 200 basis points or less below the lifetime cap.

**CMR191 Through CMR195:      *Weighted Average Distance from Lifetime Cap***

Report, in basis points, the weighted average distance between the coupons and lifetime caps of the balances reported in CMR186 through CMR190. Calculate this item in the same manner as described for the WAC in Section I, the General Instructions to Schedule CMR, but instead of the coupon rate of each loan or security, use the number of basis points between the loan's (or security's) current coupon and lifetime cap. (For 1-month COFI ARMs, calculate the distance between the cap and the interest rate on which the current payment is based, not the accrual rate.)

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**CMR196 Through CMR200:      *Balances with Coupon 201-400 b.p. from Lifetime Cap***

Report the outstanding balances of ARM loans, participations, and securities for which the current coupon is at least 201 basis points but no more than 400 basis points below the lifetime cap.

**CMR201 Through CMR205:      *Weighted Average Distance from Lifetime Cap***

Report, in basis points, the weighted average distance between the coupons and lifetime caps of the balances reported in CMR196 through CMR200. Calculate this item in the same manner as described for CMR191 through CMR195.

**CMR206 Through CMR210:      *Balances with Coupon Over 400 b.p. from Lifetime Cap***

Report the outstanding balances of ARM loans, participations, and securities for which the current coupon is more than 400 basis points below the lifetime cap.

**CMR216 Through CMR220:      *Weighted Average Distance from Lifetime Cap***

Report, in basis points, the weighted average distance between the coupons and lifetime caps of the balances reported in CMR206 through CMR210. Calculate this item in the same manner as described for CMR191 through CMR195.

**CMR211 Through CMR215:      *Balances without Lifetime Cap***

Report the outstanding balances of ARM loans, participations, and securities that have **no lifetime cap**.

The sum of the balances reported in the above distance-to-cap groups (CMR186 through CMR190, CMR196 through CMR200, CMR206 through CMR210, and CMR211 through CMR215) must equal the balance reported in CMR185.

**ARM Cap & Floor Detail**

Information about ARM periodic interest rate caps, periodic floors, and lifetime floors is collected in CMR221 through CMR240. Report the following items for all ARMs whose balances are reported in CMR185.

**CMR221 Through CMR225:      *Balances Subject to Periodic Rate Caps***

For ARM loans, participations, and securities that have periodic interest rate caps, report the outstanding balances by index and reset frequency category in CMR221 through CMR225. ARMs that have periodic payment caps, but that do not have rate caps, should not be included in the balances reported on these lines.

**CMR226 Through CMR230:      *Weighted Average Periodic Rate Cap (in basis points)***

For those ARMs that have periodic interest rate caps, report in CMR226 through CMR230 the weighted average of those caps for each category, in basis points. Except as noted below, express the periodic rate cap as the maximum amount by which the coupon is permitted to increase at each rate reset, in basis points (e.g., as 100 basis points). Calculate this item in the same manner as described for the



WAC in Section I, the General Instructions to Schedule CMR. That is, for each loan or security in a given cell of CMR221 through CMR225, weight its periodic cap by the outstanding dollar balance of the loan or security as a proportion of the total dollar balance in the cell.

**Special Instructions for CMR230:**

For ARMs whose coupons reset more often than once a year, use the number of basis points by which the coupon is permitted to increase in **one year** (rather than at each reset) in calculating the weighted average periodic rate cap reported in CMR230. (For example, for a lagging index ARM whose coupon resets every six months and that can change by no more than 100 b.p. at each reset, use 200 b.p. in calculating the weighted average periodic rate cap.)

**CMR231 Through CMR235:      *Balances Subject to Periodic Rate Floors***

Report the outstanding balance of ARM loans, participations, and securities that have periodic interest rate floors, by index and reset frequency category, in CMR231 through CMR235.

**CMR241 Through CMR245:      *MBS Included in ARM Balances***

Report in CMR241 through CMR245 the balance of mortgage securities that are included in the total ARM balances (both teaser and non-teaser) of each column. For example, CMR241 would be used to report the amount of ARM securities included in balances reported in CMR141 (balances of 6-month current index ARMs carrying teaser rates) and in CMR156 (balances of non-teaser 6-month current index ARMs).

**Multifamily & Nonresidential Mortgage Loans & Securities**

Report in this section information on all performing first and second mortgage loans secured by multifamily (5 or more dwelling units) and nonresidential property, and all pass-through securities backed by multifamily and nonresidential mortgages. Also include fixed-rate combination construction/permanent mortgages for such properties, if the coupon is fixed for the entire term of the loan. The reporting of information in this section is divided into two categories: balloon mortgages and fully amortizing mortgages. A balloon loan is considered to be any loan with a term to maturity that is at least 120 months less than the number of months remaining until the loan would be fully amortized were it not for the balloon payment.

**Multifamily & Nonresidential Mortgage Loans & Securities: Adjustable-Rate**

Loans that were at one time adjustable-rate but are now fixed-rate for their remaining term should be reported as fixed-rate loans. Report the following items for adjustable-rate multifamily and nonresidential mortgages.

**CMR261 and CMR262: *Balances***

Report the outstanding balance of loans, the pro rata share of the outstanding balances of participations in multifamily and nonresidential mortgage loans, and the outstanding balances of mortgage pool securities backed by adjustable-rate multifamily and nonresidential mortgages. Report outstanding balances of balloon mortgages in CMR261 and outstanding balances of fully amortizing mortgages in CMR262.

**CMR263 and CMR264: Weighted Average Remaining Maturity (WARM)**

The WARM for fully amortizing adjustable-rate multifamily and nonresidential mortgages should be calculated as described in Section I, the General Instructions to Schedule CMR, and reported in CMR264. For **balloon mortgages**, use the number of months until payment of the balloon, and report the result in CMR263. For example, suppose an institution had two balloon mortgages, each with an outstanding balance of \$100. The first amortizes over 240 months but the entire remaining principal is to be paid as a balloon in 60 months. The second amortizes over 360 months, but has a balloon payment in 84 months. The WARM for this institution's balloon mortgages would be 72 months. [ $72 = (\$100/\$200) \times 60 + (\$100/\$200) \times 84$ ].

**CMR265: Remaining Term to Full Amortization**

**For adjustable-rate balloon mortgages only**, report the weighted average number of months remaining until the mortgage would be fully amortized were it not for the scheduled balloon payment, in CMR265. For example, for the two loans in the example above that amortize over 240 months and 360 months, respectively, the institution would report 300 months [ $300 = (\$100/\$200) \times 240 + (\$100/\$200) \times 360$ ]. For interest-only loans (*i.e.*, loans that do not amortize), use 360 months in this calculation. Do not report this item for fully amortizing loans.

**CMR267 and CMR268: Rate Index Code**

From the List of Interest Rate Index Codes in Appendix A, determine the code representing the rate index to which the largest percentage of adjustable-rate multifamily and nonresidential balances at the reporting institution are tied. For example, if 60 percent of an institution's balances were indexed to the prime rate and the remaining 40 percent were tied to the 1-year Treasury rate, the code for the prime rate, 830, would be reported here. Report the index representing the largest percentage of balloon mortgage balances in CMR267 and the index representing the largest percentage of fully amortizing mortgage balances in CMR268.

**CMR269 and CMR270: Margin**

**For all balloon loans tied to the index reported in CMR267**, calculate the weighted average margin, in basis points, as described in the General Instructions to Schedule CMR, and report the result in CMR269. **For all fully amortizing loans tied to the index reported in CMR268**, calculate the weighted average margin and report the result in CMR270. In calculating the weighted average margin in CMR269 and CMR270, do not include loans that are not tied to the indices reported in CMR267 and CMR268, respectively. For mortgage pool securities, use the net margin (*i.e.*, not including guarantee and servicing fees) in this calculation.

**CMR271 and CMR272: Reset Frequency**

**For all balloon loans tied to the index reported in CMR267**, report the coupon reset frequency, in months, in CMR271. **For all fully amortizing loans tied to the index reported in CMR268**, report the reset frequency in CMR272. For loans with accrual rates and payments that reset at different frequencies, report the reset frequency of the accrual rate. If the loans tied to the index reported in CMR267 or CMR268 reset with varying frequencies, calculate a weighted average reset frequency in the same manner as the WARM described in the General Instructions to Schedule CMR, and report them in CMR271 and CMR272, respectively.

**Memo: ARMs within 300 b.p. of Lifetime Cap*****CMR273 and CMR274: Balances***

Report the outstanding balances of all adjustable-rate multifamily and nonresidential mortgages with lifetime interest **rate** caps and for which the coupon is currently 300 basis points or less from the lifetime cap. For mortgage pass-through securities, use the pass-through rate on the security and the net lifetime cap in this determination. Report balances for balloon mortgages in CMR273, and balances for fully amortizing mortgages in CMR274.

***CMR275 and CMR276: Weighted Average Distance to Lifetime Cap (basis points)***

For the balances reported in CMR273 and CMR274 only, calculate the weighted average difference between the current coupon and the lifetime cap, in basis points, in the same manner as described for the WAC in the General Instructions to Schedule CMR. The weighted average distance to the cap must be between 0 and 300. Report the results for balloon mortgages in CMR275 and the results for fully amortizing mortgages in CMR276.

**Multifamily & Nonresidential Mortgage Loans & Securities: Fixed-Rate*****CMR281 Through CMR282: Balances***

Report the outstanding balance of fixed-rate multifamily and nonresidential mortgages, the pro rata share of the outstanding balances of participations in fixed-rate multifamily and nonresidential mortgages, and the outstanding balances of mortgage securities backed by fixed-rate multifamily or nonresidential mortgages. Report outstanding balances of balloon mortgages in CMR281 and outstanding balances of fully amortizing mortgages in CMR282.

***CMR283 and CMR284: Weighted Average Remaining Maturity (WARM)***

The WARM for fixed-rate multifamily and nonresidential loans should be calculated as described in the General Instructions to Schedule CMR, and reported in CMR283 and CMR284. **For combination construction/permanent mortgages**, use the number of months until maturity of the permanent mortgage in this calculation. **For balloon mortgages**, use the number of months until payment of the balloon and report the result in CMR283. **For fully amortizing mortgages**, use the number of months until final maturity, and report the result in CMR284.

***CMR285: Remaining Term to Full Amortization***

**For balloon mortgages only**, report the weighted average number of months until the mortgage would be fully amortized were it not for the scheduled balloon payment, in CMR285. For interest-only loans (*i.e.*, loans that do not amortize), use 360 months in this calculation. Do not report this item for fully amortizing loans.

***CMR287 and CMR288: Weighted Average Coupon (WAC)***

Calculate the WAC as described in the General Instructions to Schedule CMR. Report the WAC for balloon mortgages in CMR287 and the WAC for fully amortizing mortgages in CMR288. For securities backed by multifamily or nonresidential mortgages, use the coupon rate **of the security** (*i.e.*, the pass-through rate) in this calculation.

## Optional Supplemental Reporting

Institutions holding adjustable-rate multifamily and nonresidential mortgages tied to a variety of different indices may wish to report those balances disaggregated by index type in the Optional Supplemental Reporting Section. In addition, loans and securities may be reported separately for both fixed- and adjustable-rate balances. The additional detail provided by such reporting will improve the estimates produced by the OTS Net Portfolio Value Model. See the instructions for Optional Supplemental Reporting for information.

## Construction and Land Loans

Report information on land loans and on the disbursed amount of construction loans secured by single-family dwelling units, multifamily dwelling units, or nonresidential property in CMR291 through CMR298. Include combination construction/permanent mortgages for which the interest rate on the permanent financing has not been set. Do not include combination construction/permanent mortgages whose rate is fixed for the entire term of the mortgage; report them with permanent mortgages in the relevant section of Schedule CMR. Construction loans in process (LIP) are reported in the Off-Balance Sheet section of Schedule CMR (Section IV of instructions).

### Construction and Land Loans: Adjustable-Rate

Report the following items for performing adjustable-rate construction and land loans.

#### **CMR291: Balances**

Report the outstanding balance of adjustable-rate construction and land loans in CMR291.

#### **CMR293: Weighted Average Remaining Maturity (WARM)**

Calculate the WARM as described in Section I, the General Instructions to Schedule CMR, for all adjustable-rate construction and land loans and report the result in CMR293.

#### **CMR295: Rate Index Code**

Using the List of Interest Rate Index Codes in Appendix A, determine the code representing the rate index to which the largest percentage of adjustable-rate construction and land loan balances at the reporting institution are tied, and report it in CMR295. For example, if 60 percent of an institution's balances were indexed to the prime rate and the remaining 40 percent were tied to the 1-year Treasury rate, the code for the prime rate, 830, would be reported in CMR295.

#### **CMR297: Margin**

For the adjustable-rate balances tied to the index reported in CMR295, calculate the **weighted average margin** as described in the General Instructions to Schedule CMR, and report the result, in **basis points**, in CMR297. Do not include adjustable-rate construction loans tied to indices other than the one reported in CMR295 in this calculation.

#### **CMR299: Reset Frequency**

**For the adjustable-rate construction and land loans tied to the index reported in CMR295**, report the coupon reset frequency, in months, in CMR299. For loans with payments and accrual rates that reset with different frequencies, report the accrual rate reset frequency. If loans tied to the index reported in

CMR295 reset with varying frequencies, calculate the weighted average reset frequency in the same manner as described for the WARM in Section I, the General Instructions to Schedule CMR.

### **Construction and Land Loans: Fixed-Rate**

Report the following items for performing fixed-rate construction and land loans.

#### ***CMR292: Balances***

Report the outstanding balance of fixed-rate construction and land loans in CMR292.

#### ***CMR294: Weighted Average Remaining Maturity (WARM)***

Calculate the WARM as described in Section I, the General Instructions to Schedule CMR, for all fixed-rate construction and land loans and report the result in CMR294. For construction/permanent loans reported in this section, use the number of months remaining in the construction phase of the loan.

#### ***CMR298: Weighted Average Coupon (WAC)***

For the fixed-rate balances reported in CMR292, calculate the **weighted average coupon** as described in the General Instructions to Schedule CMR, and report it, in **percent**, in CMR298.

### **Optional Supplemental Reporting**

Institutions holding adjustable-rate construction and land loans tied to a variety of different indices may wish to report those balances disaggregated by index type in the Optional Supplemental Reporting Section. The additional detail provided by such reporting will improve the estimates produced by the OTS Net Portfolio Value Model. See the instructions for Optional Supplemental Reporting for information.

### **Second Mortgage Loans & Securities**

Report in this section information about performing second mortgage loans on single-family dwellings and pass-through securities backed by such loans. Report all mortgages for which the institution holds a junior lien, even if the institution also holds the first lien. Include all secured home improvement loans and all outstanding balances made under open-end revolving lines of credit (*i.e.*, home equity loans), even when secured by a first lien. Loans reported in this section will often include ones reported as Consumer Loans on SC34.

Loans that were once adjustable-rate but are now fixed-rate for their remaining term, and adjustable-rate mortgages with coupons that are currently at their lifetime caps should be reported as fixed-rate mortgages.

#### **Second Mortgage Loans & Securities: Adjustable-Rate**

Report the following items for performing adjustable-rate second mortgage loans and pass-through securities backed by such loans. Pay-through securities should be reported in Cash, Deposits, and Securities (*i.e.*, CMR461 through CMR485, as appropriate).

**CMR311: Balances**

The outstanding balance of adjustable-rate second mortgage loans, the pro rata share of the outstanding balances of participations in adjustable-rate second mortgage loans, and the outstanding balances of securities backed by adjustable-rate second mortgage loans should be reported in CMR311.

**CMR313: Weighted Average Remaining Maturity (WARM)**

The WARM for adjustable-rate second mortgage loans should be calculated as described in Section I, the General Instructions to Schedule CMR, and reported in CMR313. For balloon mortgages, use the remaining time until payment of the balloon in this calculation.

For loans made under **open-end lines of credit**, maturity should be calculated by assuming that the borrower will repay the existing loan balance by making the minimum payments required by the repayment schedule.

**CMR315: Rate Index Code**

From the List of Interest Rate Index Codes in Appendix A, determine the code representing the rate index to which the largest percentage of adjustable-rate second mortgage balances of the reporting institution are tied, and report it in CMR315. For example, if 60 percent of the institution's balances were indexed to the prime rate and the remaining 40 percent were indexed to the 1-year Treasury rate, the code for the prime rate, 830, would be reported here.

**CMR317: Margin**

**For the adjustable-rate mortgages tied to the index reported in CMR315**, calculate the weighted average margin as described in the General Instructions to Schedule CMR, in basis points, and report it in CMR317. Do not include adjustable-rate second mortgage loans tied to indices other than the one reported in CMR315 in this calculation. For second mortgage securities included in the calculation, use the net margin (*i.e.*, subtract any guarantee or servicing fees) in the calculation.

The following example illustrates the calculation of the weighted average margin on a portfolio containing an adjustable-rate second mortgage loan and an adjustable-rate second mortgage security.

**Example:** Suppose an institution has one adjustable-rate second mortgage loan indexed to the prime rate with a margin of 150 basis points, and an outstanding balance of \$100,000. It also has a mortgage security backed by adjustable-rate second mortgage loans with an outstanding balance of \$200,000. The loan underlying the security is also indexed to the prime rate and has a margin of 150. The servicer receives 50 basis points to service the loan. The reporting institution receives a pass-through rate of prime plus 100 basis points. The weighted average margin would be calculated as follows:

$$\begin{aligned}
 \text{Weighted Average Margin} &= \frac{\$100,000 (150) + \$200,000 (100)}{\$300,000} \\
 &= 116.6 \\
 &= 117 \text{ (rounded to nearest basis point)}
 \end{aligned}$$

**CMR319: Reset Frequency**

**For the adjustable-rate second mortgages tied to the index reported in CMR315**, report the coupon reset frequency, in months, in CMR319. For loans with payments and accrual rates that reset with different frequencies, report the accrual rate reset frequency. If loans tied to the index reported in

CMR315 reset with varying frequencies, calculate a weighted average reset frequency in the same manner as described for the WARM in Section I, the General Instructions to Schedule CMR.

## **Second Mortgage Loans & Securities: Fixed-Rate**

Report the following items for performing fixed-rate second mortgage loans and pass-through securities backed by such loans. Pay-through securities should be reported in Cash, Deposits, and Securities (*i.e.*, CMR461 through CMR485, as appropriate).

### ***CMR312: Balances***

The outstanding balance of loans, the pro rata share of the outstanding balances of participations in second mortgage loans, and the outstanding balance of securities backed by fixed-rate second mortgages should be reported in CMR312.

### ***CMR314: Weighted Average Remaining Maturity (WARM)***

The WARM for fixed-rate second mortgage loans should be calculated as described in the General Instructions to Schedule CMR, and reported in CMR314. For balloon mortgages, use the remaining time until payment of the balloon, not the amortization period, in this calculation.

### ***CMR318: Weighted Average Coupon (WAC)***

Calculate the WAC as described in the General Instructions to Schedule CMR, and report it in CMR318. For securities backed by second mortgage loans, **use the coupon rate of the security** (*i.e.*, the pass-through rate) in this calculation, not the weighted average coupon of the collateral.

## **Optional Supplemental Reporting**

Institutions holding second mortgages tied to a variety of different indices may wish to report those balances disaggregated by index type in the Optional Supplemental Reporting Section. The additional detail provided by such reporting will improve the estimates produced by the OTS Net Portfolio Value Model. See the instructions for Optional Supplemental Reporting for information.

## **Commercial Loans**

Report information on all performing commercial loans, pass-through securities backed by such loans, and commercial financing leases, of the types reported on SC32, in CMR325 through CMR330. In addition, report mortgage “warehouse” loans (*i.e.*, loans collateralized by mortgage loans rather than liens directly on the real estate), including those that are reported as Mortgage Loans on SC23.

## **Commercial Loans: Adjustable-Rate**

Report the following items for performing adjustable-rate commercial loans and pass-through securities backed by such loans. Pay-through securities should be reported in Cash, Deposits, and Securities (*i.e.*, CMR461 through CMR485, as appropriate).

### ***CMR325: Balances***

The outstanding balance of adjustable-rate loans should be reported in CMR325.

**CMR327: Weighted Average Remaining Maturity (WARM)**

The WARM for all adjustable-rate commercial loans should be calculated as described in Section I, the General Instructions to Schedule CMR, and reported in CMR327. For demand loans that pay interest only and have no definite maturity, use 1 month in the calculation of the WARM.

**CMR329: Margin**

For the balances tied to the index reported in CMR333, calculate the weighted average margin as described in the General Instructions to Schedule CMR, in basis points, and report the result in CMR329.

**CMR331: Reset Frequency**

For the adjustable-rate commercial loans tied to the index reported in CMR333 below, report the coupon reset frequency, in months, in CMR331. For loans with payments and accrual rates that reset with different frequencies, report the accrual rate reset frequency. If loans tied to the index reported in CMR333 reset with varying frequencies, calculate the weighted average reset frequency in the same manner as described for the WARM in Section I, the General Instructions to Schedule CMR.

**CMR333: Rate Index Code**

From the List of Interest Rate Index Codes in Appendix A, determine the code representing the rate index to which the largest percentage of adjustable-rate commercial loan balances are tied, and report it in CMR333. For example, if 60 percent of the institution's commercial loan balances were indexed to the prime rate and the remaining 40 percent were indexed to the 1-year Treasury rate, the code for the prime rate, 830, would be reported here.

**Commercial Loans: Fixed-Rate**

Report the following items for performing adjustable-rate commercial loans and pass-through securities backed by such loans. Pay-through securities should be reported in Cash, Deposits, and Securities (*i.e.*, CMR461 through CMR485, as appropriate).

**CMR326: Balances**

The outstanding balance of fixed-rate loans should be reported in CMR326.

**CMR328: Weighted Average Remaining Maturity (WARM)**

The WARM for all fixed-rate commercial loans should be calculated as described in Section I, the General Instructions to Schedule CMR, and reported in CMR328. For demand loans that pay interest only and have no definite maturity, use 1 month in the calculation of the WARM.

**CMR330: Weighted Average Coupon (WAC)**

Calculate the WAC as described in the General Instructions to Schedule CMR, and report the result in CMR330.



## Optional Supplemental Reporting

The OTS Net Portfolio Value Model assumes that all adjustable-rate commercial loans are tied to the index reported in CMR333. Institutions holding adjustable-rate commercial loans tied to different indices may wish to report those balances disaggregated by index type in the Optional Supplemental Reporting Section. The additional detail provided by such reporting will improve the estimates produced by the OTS Net Portfolio Value Model. See the instructions for Optional Supplemental Reporting for information.

## Consumer Loans

Report in CMR335 through CMR343 information on performing consumer loans, pass-through securities backed by such loans, and consumer financing leases of the types reported on SC34. Do **not** include:

1. open-end revolving loans secured by single-family homes (*i.e.*, home equity loans), and
2. home improvement loans secured by single-family homes.

(Although both types of loans may be reported as Consumer Loans or as Second Mortgage loans on Schedule SC, on Schedule CMR all such loans should be reported as Second Mortgages in CMR311 and CMR312.)

When calculating the Weighted Average Remaining Maturity, the Weighted Average Coupon, and the Margin (for adjustable-rate balances) do not include credit card balances (reported in CMR590) expected to pay off within the interest free grace period in the calculation.

### Consumer Loans: Adjustable-Rate

Report the following items for performing adjustable-rate consumer loans and pass-through securities backed by such loans. Pay-through securities should be reported in Cash, Deposits, and Securities (*i.e.*, CMR461 through CMR485, as appropriate).

#### **CMR335: Balances**

The outstanding balance of adjustable-rate consumer loans and the outstanding balances of asset-backed securities backed by adjustable-rate consumer loans should be reported in CMR335.

#### **CMR337: Weighted Average Remaining Maturity (WARM)**

The WARM for adjustable-rate consumer loans should be calculated as described in Section I, the General Instructions to Schedule CMR, and reported in CMR337.

For loans made under **open-end lines of credit**, including credit cards, maturity should be calculated by assuming that the borrower will repay the existing loan balance by making the minimum payments required by the repayment schedule. Do not include credit card balances expected to pay off within the interest free grace period in this calculation. See the section on the calculation of the WARM for fixed-rate consumer loans below for an example.

**CMR339: Rate Index Code**

From the List of Interest Rate Index Codes in Appendix A, determine the code representing the rate index to which the largest percentage of adjustable-rate consumer loans are tied, and report it in CMR339. For example, an institution with a consumer loan portfolio with balances composed of 75% auto loans tied to the prime rate and 25% mobile home loans tied to the 6-month Treasury bill rate would report the code for the prime rate, 830, in CMR339.

**CMR341: Margin**

**For the adjustable-rate consumer loans tied to the index reported in CMR339**, calculate the weighted average margin as described in the General Instructions to Schedule CMR, and report the result, in basis points, in CMR341. Do not include adjustable-rate consumer loans tied to indices other than the one reported in CMR339 in this calculation. If the balances on which the margin is based are asset backed securities, use the net margin (*i.e.*, subtract the servicing spread). If they are credit card balances, do not include balances expected to pay off within the interest free grace period. See the calculation of the WAC for fixed-rate consumer loans for an example.

**CMR343: Reset Frequency**

**For the adjustable-rate consumer loans tied to the index reported in CMR339**, report the coupon reset **frequency**, in months, in CMR343. If the loans tied to the index reported in CMR339 reset with varying frequencies, calculate the weighted average reset frequency in the same manner as the WARM described in the General Instructions to Schedule CMR.

**Consumer Loans: Fixed-rate**

Report the following items for performing fixed-rate consumer loans and pass-through securities backed by such loans. Pay-through securities should be reported in Cash, Deposits, and Securities (*i.e.*, CMR461 through CMR485, as appropriate).

**CMR336: Balances**

The outstanding balance of fixed-rate consumer loans and the outstanding balances of asset-backed securities backed by fixed-rate consumer loans should be reported in CMR336.

**CMR338: Weighted Average Remaining Maturity (WARM)**

The WARM for all fixed-rate consumer loans and asset-backed securities should be calculated as described in Section I, the General Instructions to Schedule CMR, and reported in CMR338. Do not include credit card balances expected to pay off in the interest-free grace period in this calculation.

$$\begin{aligned}
 \text{WARM} &= \frac{\$100,000 (48) + \$70,000 (60)}{\$170,000} \\
 &= 52.94 \\
 &= 53 \text{ months (rounded to the nearest month)}
 \end{aligned}$$

**CMR342: Weighted Average Coupon (WAC)**

Calculate the WAC for all fixed-rate consumer loans as described in the General Instructions to Schedule CMR and report the result in CMR342. For asset-backed securities, use the **coupon of the security** (i.e., the pass-through rate) in this calculation, not the coupon of the collateral. Do not include credit card balances that are expected to be paid off within the interest-free grace period.

For example, suppose an institution has \$100,000 of fixed-rate credit card balances with a stated rate of 18 percent, and \$100,000 of auto loans with a coupon of 10 percent. The institution estimates that 30 percent of its credit card balances typically pay off within the interest free grace period. The WAC for consumer loans would be calculated as follows.

$$\begin{aligned} \text{WAC} &= \frac{\$70,000 (18.0\%) + \$100,000 (10.0\%)}{\$170,000} \\ &= 13.29\% \end{aligned}$$

**Optional Supplemental Reporting**

Institutions holding a variety of types of consumer loans (e.g., auto loans, credit cards, education loans) or adjustable-rate consumer loans tied to a variety of different indices may wish to report those balances disaggregated by loan type or index type in the Optional Supplemental Reporting Section. The additional detail provided by such reporting will improve the estimates produced by the OTS Net Portfolio Value Model. See the instructions for Optional Supplemental Reporting for information.

**Mortgage-Derivative Securities — Book Value**

Report the **recorded investment** of mortgage-derivative securities in the appropriate cells. Recorded investment is the principal, adjusted for charge-offs and premiums or discounts, **and, in the case of assets classified as available-for-sale or trading, also adjusted for unrealized gains or losses.** For interest-only strips, CMO residuals, etc., **recorded investment is the amortized balance of the investment. Recorded investment has not been reduced to reflect any valuation allowances.** Mortgage-derivative securities include Collateralized Mortgage Obligation (CMO) tranches, Stripped Mortgage-Backed Securities (SMBS), and CMO residuals. Securities should be entered in the high-risk or low-risk columns according to whether they are classified “high-risk” or “low-risk” by the following four-part test.

A mortgage-derivative security is considered high-risk if any of the following conditions are met:

1. the expected remaining weighted average life<sup>1</sup> of the security exceeds 10 years;
2. the expected remaining weighted average life of the security extends by more than 4 years for an immediate and sustained parallel shift in the yield curve of plus 300 basis points;
3. the expected remaining weighted average life of the security shortens by more than 6 years for an immediate and sustained parallel shift in the yield curve of minus 300 basis points; or
4. the estimated change in the price of the security is more than 17 percent, due to an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

<sup>1</sup> Weighted Average Life (WAL) is a measure of the expected time until repayment of principal on a mortgage-backed security. WAL, in years, is calculated as:

$$\text{WAL} = \frac{P_1 + (2 \times P_2) + (3 \times P_3) + \dots + (M \times P_M)}{(12 \times \text{Outstanding Balance})}$$

where M = remaining number of months to maturity,  
P<sub>1</sub>, P<sub>2</sub>, etc. = expected principal payments in each future month.

Report all high-risk mortgage-derivative securities in the appropriate cells in the column entitled High Risk. Report all mortgage-derivative securities that the test does not classify as high-risk in the appropriate cells of the column entitled Low Risk.

Floating-rate tranches that are tied to a conventional widely-used index are subject only to test (4) above if the current interest rate on the tranche is below the maximum contractual interest rate on the tranche (i.e., the "cap rate"). Floating rate tranches tied to other indices are subject to all four tests. Superfloaters and inverse floaters are also subject to all four tests.

## **Collateralized Mortgage Obligations (CMOs)**

Report CMO tranches (excluding residuals) in CMR351 through CMR364 according to the characteristics of the tranche as defined below. Do not include CMO swaps in this section. The value of CMO swaps, as estimated by the reporting institution, should be included in CMR911 through CMR919, Market Value Estimates of Off-Balance-Sheet Contracts.

### ***CMR351 and CMR352: Floating Rate***

Report the recorded investment of all CMO tranches that pay an interest rate that is tied to a floating-rate index in CMR351 and CMR352, as appropriate.

### ***CMR353 and CMR354: Fixed Rate, Remaining Weighted Average Life Not Exceeding 5 Years***

Report the recorded investment of fixed-rate CMO tranches with remaining weighted average lives of less than or equal to 5 years in CMR353 and CMR354, as appropriate. In general, most "support tranches" (also called "companion bonds") for short-term Planned Amortization Class (PAC) and Targeted Amortization Class (TAC) bonds should be reported in CMR353. Typically, short-term PAC and TAC bonds and the first tranche of a sequential CMO should be reported in CMR354.

### ***CMR355 and CMR356: Fixed Rate, Remaining Weighted Average Life Greater Than 5 Years, But Not Exceeding 10 Years***

Report the recorded investment of all fixed-rate CMO tranches with remaining weighted average lives greater than 5 years but less than or equal to 10 years in CMR355 and CMR356, as appropriate. Typically, support tranches for long-term PAC and TAC bonds and intermediate and long-term sequential bonds should be reported in CMR355. Typically, long-term PAC and TAC bonds with a weighted average life up to 10 years and second or third sequential bonds in a sequence should be reported in CMR356.

### ***CMR357: Fixed Rate: Remaining Weighted Average Life Greater Than 10 Years***

Report the recorded investment of all fixed-rate CMO tranches with remaining weighted average lives in excess of 10 years in CMR357. Most Z-tranches (also called accrual bonds, or accretion bonds) should be reported here.

### ***CMR359: Superfloaters***

"Superfloaters" are CMO tranches whose coupon adjusts in the same direction as, and by a multiple of, a specified index, such as LIBOR (for example, 2 x LIBOR - 3%). Most superfloaters will be classified as

high-risk by the 4-part test. Report the recorded investment of high-risk superfloater tranches in CMR359. Low-risk superfloater tranches should be reported in CMR352.

***CMR361: Inverse Floaters and Super POs***

An inverse floater has a coupon that adjusts in the opposite direction of an interest-rate index, such as LIBOR. A super PO is a zero-coupon support tranche for PAC or TAC tranches in a CMO. Nearly all inverse floaters and super POs will be classified as high-risk by the 4-part test. Report the recorded investment of high-risk inverse floaters and super POs in CMR361. However, if the thrift can demonstrate that an inverse floater or super PO tranche is low-risk, that tranche should be reported in CMR374.

***CMR363 and CMR364: Other CMO Tranches***

Report the recorded investment of all other high-risk tranches in CMR363. This cell includes all other CMO products that cannot be classified into one of the above cells, and that have not been determined to be low-risk. Report the recorded investment of other low-risk tranches in CMR364. This cell includes all other CMO products that cannot be classified into one of the above cells, and that have been determined to be low-risk according to the 4-part test.

**CMO Residuals**

Report CMO residuals in CMR365 through CMR368 as described below. Residuals (also called “excess cash flow” and “CMO equity”) are instruments that represent a claim on excess cash flows from a CMO issue remaining after the payments due to the holders of the other classes have been paid. Certain CMO/REMIC tranches that do not represent claims on excess cash flows have been labeled “residuals” in order to satisfy the requirements in the Tax Reform Act of 1986. Such residuals should be reported in CMR351 through CMR364 above, as appropriate.

***CMR365 and CMR366: Fixed-Rate Residuals***

Fixed-rate residuals are residuals from CMOs that contain only fixed-rate tranches. Report the recorded investment of fixed-rate residuals in CMR365 and CMR366 as appropriate.

***CMR367 and CMR368: Floating-Rate Residuals***

Floating-rate residuals are residuals from CMOs that contain one or more floating-rate tranches. Report the recorded investment of floating-rate residuals in CMR367 and CMR368, as appropriate.

**Stripped Mortgage-Backed Securities**

Report stripped mortgage-backed securities in CMR369 through CMR376 as described below. Interest Only (IO) strips are securities that receive only the interest payments from a pool of mortgages. Principal Only (PO) strips are securities that receive only the payments of principal from a pool of mortgages. IO and PO tranches of CMOs receive only interest payments and only principal payments, respectively, from part or all of the collateral in a CMO.

***CMR369 and CMR370: Interest-Only MBS***

Report the recorded investment of IO strips and IO tranches of CMOs in CMR369 and CMR370, as appropriate. Most tranches will be classified as high-risk by the 4-part test and should be reported in CMR369. However, if the institution can demonstrate that an IO is low-risk, that tranche should be reported in CMR370.

***CMR371 and CMR372: Weighted Average Coupon***

Report the weighted average coupon of the underlying collateral of the IO strips or IO CMO tranches in CMR371 and CMR372, as appropriate.

***CMR373 and CMR374: Principal-Only MBS***

Report in CMR373 and CMR374 the recorded investment of PO strips and PO tranches of CMOs that are not super POs. Most POs will be classified as high-risk by the 4-part test and should be reported in CMR373. However, if the institution can demonstrate that a PO is low-risk, that tranche should be reported in CMR374.

***CMR375 and CMR376: Weighted Average Coupon***

Report in CMR375 and CMR376 the weighted average coupon of the underlying collateral of the PO strips or PO tranches that are not super POs.

***CMR377 and CMR378: Total Mortgage-Derivative Securities***

Report the total recorded investment of high-risk mortgage-derivative securities in CMR377. CMR377 should equal the sum of CMR351, CMR353, CMR355, CMR357, CMR359, CMR361, CMR363, CMR365, CMR367, CMR369, and CMR373. Report the total recorded investment of low-risk mortgage-derivative securities in CMR378. CMR378 should equal the sum of CMR352, CMR354, CMR356, CMR366, CMR368, CMR370, and CMR374.

**Reporting Estimated Market Values**

In addition to reporting book values as described above, certain institutions should also report the estimated market values of their mortgage-derivatives, as described in the section entitled, "Reporting of Estimated Market Values." Institutions required to report estimated market values are those that (1) have assets exceeding \$500 million, (2) have acquired any high-risk mortgage-derivative security since December 31, 1988, or (3) have a portfolio of mortgage-derivatives with a book value that exceeds 5 percent of total assets.

**Mortgage Loans Serviced for Others**

Report information on all performing, single-family, adjustable-rate and fixed-rate first mortgage loans serviced for others by the reporting institution.

**Include:**

1. Mortgage loans the institution has sold to others but for which it performs the servicing, even if it does not receive an on-going servicing fee.

2. The mortgage balances of mortgage servicing rights purchased by the reporting institution.
3. Mortgages that have been securitized (e.g., a FHLMC swap) if the institution continues to perform the servicing. In this case, the institution owns a mortgage security and the servicing rights on the mortgages underlying the security. The outstanding balance of the mortgages underlying the mortgage security should be reported both in this section and as a mortgage security, in the relevant lines of the fixed-rate or adjustable-rate mortgages section.
4. Mortgage balances for which the servicing rights are owned by the institution, but for which the servicing is performed by someone else, if the reporting institution receives a net fee after having paid the sub-servicer.
5. Mortgage balances for which the reporting institution performs servicing on a contractual basis (i.e., acts as sub-servicer) for another entity that owns the servicing rights and this arrangement is stipulated to continue for the life of those mortgages.
6. In cases where an institution owns a share of a pool but services the entire pool, only the share not owned by the institution should be reported here.

**Do not include:**

1. Mortgage loans serviced by a consolidated subsidiary for the reporting institution.
2. Loans being serviced other than single-family, first mortgage loans.
3. Mortgage loans for which the reporting institution will perform servicing on a contractual basis (i.e., act as subservicer) for another entity for less than the life of the mortgages.

Institutions may report their estimates of the economic value of servicing rights of the types described in items 2 and 3 above (under "Do not include") in CMR911 through CMR919, "Market Value Estimates of Off-Balance Sheet Contracts."

## **Fixed-Rate Mortgage Loan Servicing**

### ***CMR401 Through CMR405: Balances Serviced***

Report the outstanding balances of fixed-rate mortgages serviced for others according to the five coupon ranges specified (i.e., less than 7%, 7% to 7.99%, 8% to 8.99%, 9% to 9.99%, and 10% and above).

### ***CMR406 Through CMR410: Weighted Average Remaining Maturity (WARM)***

For each coupon range, report the WARM of the mortgages whose balances are reported in CMR401 through CMR405. The WARM should be calculated as described in Section I, the General Instructions to Schedule CMR.

### ***CMR411 Through CMR415: Weighted Average Servicing Fee***

For each coupon range, report the weighted average net servicing fee retained by the reporting institution, in basis points. (See example below for a description of its calculation.) For purposes of Schedule CMR, the mortgage servicing fee is defined as the spread retained by the reporting institution, representing the difference between the weighted average note rate on the mortgages being serviced and the rate of interest passed on to the owner of the mortgages, less any payments to third parties (e.g., guarantors, master servicers, subservicers).

**CMR421: Total Number of Fixed-Rate Loans Serviced That Are Conventional Loans**

Report in CMR421 the number of conventional loans comprising the balances reported in CMR401 through CMR405.

**CMR422: Total Number of Fixed-Rate Loans Serviced That Are FHA/VA Loans**

Report in CMR422 the number of FHA/VA loans in the balances reported in CMR401 through CMR405.

**CMR423: Total Number of Fixed-Rate Loans Serviced That Are Subserviced by Others**

Report the total number of fixed-rate mortgage loans included in CMR421 through CMR422 for which the reporting institution owns the right to service for others but has contracted the servicing out to a sub-servicer.

The following example illustrates the calculation of the weighted average servicing fee.

**Example:** Suppose an institution has a servicing portfolio consisting of the following three fixed-rate loans, each with a current outstanding balance of \$100,000.

1. The institution has purchased the rights to service a GNMA security with a pass-through rate of 8.0 percent, and a WAC on the underlying mortgages of 8.5 percent. Although the difference between the pass-through rate and the WAC is 50 basis points, GNMA receives 6 basis points for its guarantee fee and the institution retains 44 basis points. The institution should use 44 basis points in the calculation of the weighted average servicing fee.
2. The institution has originated a mortgage with a coupon of 8.50 percent and has sold it on the secondary market to yield 7.50. The institution should include the full 100-basis-point fee in its calculation of the weighted average servicing spread.
3. The institution owns the servicing rights on an 8.60 percent mortgage with a servicing fee of 45 basis points, however, it has contracted with a subservicer to service the loan for 30 basis points. The institution should use the remaining 15-basis-point fee it retains in calculating the weighted average servicing spread. Because this loan is being subserviced by another institution, it should be included in the number of loans reported in CMR423.

The weighted average servicing fee for these three loans is calculated as:

$$\begin{aligned} \text{Weighted Average Servicing Fee} &= \frac{44(\$100,000) + 100(\$100,000) + 15(\$100,000)}{\$300,000} \\ &= 53 \text{ basis points} \end{aligned}$$

and would be reported as 53 in CMR413.



## **Adjustable-Rate Mortgage Loan Servicing**

### ***CMR431 Through CMR432: Balances Serviced***

Report the outstanding balances of adjustable-rate mortgages serviced for others that reset based on current market indices in CMR431 and those that reset based on lagging market indices in CMR432. (See the instructions for adjustable-rate single-family mortgages for a definition of current market versus lagging indices.)

### ***CMR433 Through CMR434: Weighted Average Remaining Maturity (WARM)***

Report the WARM of adjustable-rate mortgages of each index type in CMR433 and CMR434. The WARM should be calculated as described in Section I, the General Instructions to Schedule CMR.

### ***CMR435 and CMR436: Weighted Average Servicing Fee***

Report the weighted average net servicing fee retained by the reporting institution in basis points for current market index ARMs in CMR435 and for lagging market index ARMs in CMR436. (See example above for description of its calculation.) For purposes of Schedule CMR, the mortgage servicing fee is defined as the spread retained by the reporting institution, representing the difference between the weighted average note rate on the mortgages being serviced and the rate of interest passed on to the owner of the mortgages, less any payments to third parties (e.g., guarantors, master servicers, subservicers).

### ***CMR441: Total Number of Adjustable-Rate Loans Serviced***

In CMR441, report the total number of adjustable-rate loans composing the balances reported in CMR431 and CMR432.

### ***CMR442: of Which, Number Subserviced by Others***

In CMR442, report the total number of adjustable-rate mortgage loans included in CMR441 for which the reporting institution owns the right to service for others but has contracted the servicing out to a sub-servicer.

### ***CMR450: Total Balances of Mortgage Loans Serviced for Others***

Report the total outstanding balance of all mortgage loans serviced for others in CMR450. Specifically, report the sum of the balances reported in CMR401 through CMR405, CMR431, and CMR432.

## **Cash, Deposits, and Securities**

Information about most of the financial instruments reported on SC10 (Cash, Deposits, and Investment Securities) is collected in this section; only mortgage-derivative securities are not included in this section. General instructions that apply to this section are:

1. Report outstanding principal balances, not carrying values, unless explicitly instructed otherwise. That is, do not deduct or add discounts and premiums or valuation allowances.
2. Report coupon rates, not effective rates, unless explicitly instructed otherwise.

3. In calculating the WARM, observe the following:
  - a. For securities containing options that are currently in-the-money, calculate the WARM based upon the put or call date.
  - b. For a security that will repay principal periodically over its life, such as through scheduled sinking fund repayments, each repayment should be treated as a separate instrument when calculating the WARM.
  - c. For variable-rate instruments, calculate the WARM using the months to the next repricing as the remaining months to maturity.

**CMR461: *Cash, Non-Interest-Earning Demand Deposits, Overnight Fed Funds, Overnight Repurchase Agreements***

Report in CMR461 the outstanding balance of cash, cash items, and non-interest-earning demand deposits, overnight Federal funds sold, and securities purchased under overnight repurchase agreements. Also include accrued interest or dividends receivable on deposits and investment securities that are reported in CMR377, CMR378, and CMR461 through CMR485

**CMR464: *Equity Securities and All Mutual Funds***

Report in CMR464 the **recorded investment** of investments in common stock (except for FHLB stock) and the **recorded investment** of investments in mutual funds (including limited partnership investment funds).

**CMR470 Through CMR472: *Zero-Coupon Securities***

Report the recorded investment (i.e., the amortized balance of the investment) of zero-coupon securities, including Treasury bills, in CMR470. (Do not include Z-tranches or accrual bonds of CMOs or REMICs; those are reported in CMR357.) In CMR471, instead of a WAC, report the internal rate of return of these securities regardless of whether they are reported at historical cost or fair value. Report the weighted average remaining maturity (WARM) in CMR472.

**MR473 Through CMR475: *Government and Agency Securities***

Report debt instruments issued by the US government and non-mortgage debt issued by federal agencies. Do not include structured or stripped securities; these are reported in CMR485 and CMR470, respectively.

**Include:**

1. US Treasury securities (except Treasury bills, which are reported in CMR470);
2. non-mortgage debt issued by FNMA, FHLMC, GNMA, the FHLB System, and other government-sponsored agencies;
3. FICO bonds.

**Do not include:**

1. mortgage-backed instruments or derivatives issued or guaranteed by FNMA, FHLMC, or GNMA; report these with Mortgage-Backed or Mortgage-Derivative Securities as appropriate;
2. structured securities, as described in Thrift Bulletin 65; report these in CMR485;
3. stripped securities;

4. stock of Federal agencies;
5. securities issued by state or local governments;
6. securities purchased under overnight repurchase agreements.

In CMR473 report the outstanding principal balance of the relevant instruments. Report the **weighted average coupon** (WAC) of those balances in CMR474 and their **weighted average remaining maturity** (WARM) in CMR475. (The General Instructions to Schedule CMR describe the calculation of both of these items.)

**CMR476 Through CMR478:      *Term Fed Funds, Term Repurchase Agreements, and Interest-Earning Deposits***

Include in this section any Fed funds sold and securities purchased under repurchase agreements that were not reported in CMR461. Also include interest-earning nonmaturity deposits and all time deposits held with banks and other depository institutions (including FHLBs). Report the outstanding principal balance in CMR476, the **weighted average coupon** of those balances in CMR477, and their **weighted average remaining maturity** in CMR478. For deposits, which have no contractual maturity, use 1 month in the calculation of the WARM.

**CMR479 Through CMR481:      *Other (Munis, Mortgage-Backed Bonds, Corporate Securities, Commercial Paper, Etc.)***

This section includes a broad range of securities:

1. debt securities issued by state and local governments;
2. commercial paper and other corporate debt securities (except for structured securities, as described in Thrift Bulletin 65; report these in CMR485);
3. mortgage-backed bonds;
4. promissory notes;
5. preferred stock.

Report the outstanding principal **balance** of these securities in CMR479, their **weighted average coupon** in CMR480, and their **weighted average remaining maturity** in CMR481. (In calculating the WAC, use the tax-equivalent yield for state, county, and municipal securities and the dividend yield for preferred stock.)

**CMR485:      *Outstanding Balance of Structured Securities***

Report the outstanding principal balance of all structured securities, as described in Thrift Bulletin 65. Common types of structured securities include step-up bonds, index-amortizing notes, dual index notes, de-leveraged bonds, range bonds, and inverse floaters.

Note: If a non-zero balance is reported in this line item, the reporting institution must **also report** its estimates of the market value of these securities in CMR961 through CMR969.

**CMR490:      *Total Cash, Deposits, and Securities***

Report the total in CMR461, CMR464, CMR470, CMR473, CMR476, CMR479 and CMR485.

## Additional Items

Certain additional items needed for the OTS Model are reported in this section. The definitions and instructions for these items are the same as on Schedule SC.

### Items Related to Mortgage Loans & Securities

The following items pertain to asset balances reported in CMR125, CMR185, CMR261, CMR262, CMR281, CMR282, CMR291, CMR292, CMR311, and CMR312.

#### **CMR501: Nonperforming Loans**

Report the outstanding balance of nonperforming mortgage loans and securities. Nonperforming loans are defined as nonaccrual loans plus loans that are at least 90 days past due but still accruing interest. **Do not** include nonperforming home equity or secured home improvement loans that are reported in SC34, Consumer Loans. **Do** include nonperforming mortgage warehouse loans that are reported in SC23, Mortgage Loans.

#### **CMR502: Accrued Interest Receivable**

Report amounts of the types reported in SC220 (Accrued Interest Receivable on Mortgage Pool Securities) and SC272 (Accrued Interest Receivable on Mortgage Loans). **Do not** include interest receivables on home equity or secured home improvement loans that are reported in SC34, Consumer Loans. **Do** include interest receivables on mortgage warehouse loans that are reported in SC23, Mortgage Loans.

#### **CMR503: Advances for Taxes and Insurance**

Report balances of the types reported in SC275 (amounts paid on behalf of borrowers for taxes and insurance). **Do not** include advances related to home equity or secured home improvement loans that are reported in SC34, Consumer Loans. **Do** include advances related to mortgage warehouse loans that are reported in SC23, Mortgage Loans.

#### **CMR504: Less: Unamortized Yield Adjustments**

Report the net amount of unamortized premiums and discounts related to balances reported in CMR125, CMR185, CMR261, CMR262, CMR281, CMR282, CMR291, CMR292, CMR311, and CMR312. **Do not** include premiums or discounts related to home equity or secured home improvement loans that are reported in SC34, Consumer Loans. **Do** include premiums or discounts related to mortgage warehouse loans that are reported in SC23, Mortgage Loans.

#### **CMR507: Less: Valuation Allowances**

Report general and specific valuation allowances established to recognize credit losses. **Do not** include allowances related to home equity or secured home improvement loans that are reported in SC34, Consumer Loans. **Do** include allowances related to mortgage warehouse loans that are reported in SC23, Mortgage Loans.

**CMR508: Unrealized Gains (Losses)**

Report, on a consolidated basis, gross unrealized gains (losses) on loans held for sale, available-for-sale securities, and trading securities. **Do not** include gains/losses related to home equity or secured home improvement loans that are reported in SC34, Consumer Loans. **Do** include gains/losses related to mortgage warehouse loans that are reported in SC23, Mortgage Loans.

**Items Related to Nonmortgage Loans & Securities**

The following items pertain to asset balances reported in CMR325, CMR326, CMR335, and CMR336.

**CMR511: Nonperforming Loans**

Report the outstanding balance of nonperforming nonmortgage loans. Nonperforming loans are defined as nonaccrual loans plus loans that are at least 90 days past due but still accruing interest. **Do include** nonperforming home equity or secured home improvement loans that are reported on SC34, Consumer Loans. **Do not** include nonperforming mortgage warehouse loans that are reported in SC23, Mortgage Loans.

**CMR512: Accrued Interest Receivable**

Report amounts of the types reported in SC348 (Accrued Interest Receivable on Nonmortgage Loans). **Do** include interest receivables on home equity or secured home improvement loans that are reported on SC34, Consumer Loans. **Do not** include interest receivables on mortgage warehouse loans that are reported in SC23, Mortgage Loans.

**CMR513: Less: Unamortized Yield Adjustments**

Report the net amount of unamortized premiums and discounts related to balances reported in CMR325, CMR326, CMR335, and CMR336. **Do** include premiums or discounts related to home equity or secured home improvement loans that are reported on SC34, Consumer Loans. **Do not** include premiums or discounts related to mortgage warehouse loans that are reported in SC23, Mortgage Loans.

**CMR516: Less: Valuation Allowances**

Report general and specific valuation allowances established to recognize credit losses. **Do** include allowances related to home equity or secured home improvement loans that are reported on SC34, Consumer Loans. **Do not** include allowances related to mortgage warehouse loans that are reported in SC23, Mortgage Loans. **Do not** include valuation allowances established to recognize decreases in the value of real estate held for investment or repossessed assets. (See instructions for CMR520 and CMR525 for proper treatment of such valuation allowances.)

**CMR517: Unrealized Gains (Losses)**

Report **gross** unrealized gains (losses) on loans held for sale, available-for-sale securities, and trading securities. **Do** include gains/losses related to home equity or secured home improvement loans that are reported in SC34, Consumer Loans. **Do not** include gains/losses related to mortgage warehouse loans that are reported in SC23, Mortgage Loans.

**CMR520: Real Estate Held for Investment**

Report assets of the types reported in SC45. Report those amounts **net** of any appropriate valuation allowances. CMR520 should equal SC45.

**CMR525: Repossessed Assets**

Report repossessed assets of the types reported in SC405 through SC430. Report those amounts **net** of any appropriate valuation allowances. CMR525 should equal SC40.

**CMR530: Investment in Unconsolidated Subordinate Organizations**

Report equity investments in unconsolidated subordinate organizations of the type reported in SC50, **net** of any appropriate valuation allowances. **Do not** report any loans made to such entities. Any investments accounted for by the equity method with a negative balance should be reclassified to CMR786, Miscellaneous Liabilities I.

**CMR535: Office Premises and Equipment**

Report assets of the types reported in SC55. CMR535 should equal SC55.

**Items Related to Certain Investment Securities*****CMR538: Unrealized Gains (Losses)***

Report **gross** unrealized gains (losses) on any available-for-sale securities and trading securities reported in CMR461, CMR473, CMR476, CMR479, or CMR485. **Do not** include unrealized gains (losses) related to equity securities reported in CMR464 or zero-coupon securities reported in CMR470. Both of those lines show recorded investment values and, thus, already include gains or losses.

***CMR539: Less: Unamortized Yield Adjustments***

Report the net amount of unamortized premiums and discounts on securities whose balances are reported in CMR461, CMR473, CMR476, CMR479, or CMR485. **Do not** include unamortized yield adjustments related to **equity securities reported in CMR464 or zero-coupon securities reported in CMR470. Both of those lines show recorded investment values and, thus, have already been adjusted for premiums or discounts.**

***CMR540: Less: Valuation Allowances***

Report all valuation allowances related to securities whose balances are reported in CMR377, CMR378, CMR461, CMR464, CMR470, CMR473, CMR476, CMR479, or CMR485. Include **both** general valuation allowances (of the type reported in SC199) and specific valuation allowances (which are not separately reported on Schedule SC).

## Other Assets

### ***CMR541: Servicing Assets, Interest-Only Strip Receivables, and Certain Other Instruments***

Report assets of the types reported in SC642 (Servicing Assets on Mortgage Loans), SC644 (Servicing Assets on Nonmortgage Loans), and SC655 (Interest-Only Strip Receivables and Certain Other Instruments). CMR541 should equal the sum of SC642, SC644, and SC655.

### ***CMR542: Margin Account***

Leave this cell empty. Margin accounts are no longer reported separately, but are included instead in CMR543, Miscellaneous Assets I.

### ***CMR543: Miscellaneous I***

Report assets of the types included in SC690 (Other Assets), **except** for unamortized options fees and deferred net losses (gains) on asset hedges, both of which should be reported in CMR544. (For definitions of unamortized options fees and deferred net losses [gains] on asset hedges see the instructions for Schedule SC, line 690, code numbers 16 and 17, respectively.)

Amounts in CMR543 should be reported **net** of specific and general valuation allowances. The sum of CMR543 and CMR544 should equal SC660 plus SC690, minus SC699.

### ***CMR544: Miscellaneous II***

Report assets of the types included in SC660 (Goodwill and Other Intangibles). **Also include** unamortized options fees and deferred net losses (gains) on asset hedges. (For definitions of unamortized options fees and deferred net losses on asset hedges see the instructions for Schedule SC, line 690, code numbers 16 and 17, respectively.) The sum of CMR543 and CMR544 should equal SC660 plus SC690, minus SC699.

**CMR550: Total Assets**

Report consolidated total assets in CMR550. Consolidated total assets is the sum of:

CMR125	CMR185	CMR261	CMR262	CMR281
CMR282	CMR291	CMR292	CMR311	CMR312
CMR325	CMR326	CMR335	CMR336	CMR377
CMR378	CMR490	CMR501	CMR502	CMR503
CMR508	CMR511	CMR512	CMR517	CMR520
CMR525	CMR530	CMR535	CMR538	CMR541
CMR543	CMR544			
		– less –		
CMR504	CMR507	CMR513	CMR516	CMR539
CMR540				

CMR550 should equal SC60.

**Memoranda Items****CMR578: Mortgage “Warehouse” Loans Reported as Mortgage Loans at SC23**

Report the outstanding balance of performing loans included in SC23 (Mortgage Loans) that are collateralized by mortgage loans rather than liens directly on real estate.

**CMR580: Loans Secured by Real Estate Reported as Consumer Loans at SC34**

Report the outstanding balance of performing loans of the following types that are included in SC34 (Consumer Loans): (1) any time-share loans reported in CMR125 or CMR185, and (2) secured home improvement loans and revolving open-end loans secured by single-family dwellings reported in CMR311 or CMR312.

**Market Value of Equity Securities & Mutual Funds Reported at CMR464:**

Report in CMR582 and CMR584 the current market value of the assets whose recorded investment is reported in CMR464. The sum of CMR582 and CMR584 should equal CMR464.

**CMR582: Equity Securities & Non-Mortgage-Related Mutual Funds**

Report in CMR582 the **current market value** of all investments in common stock (except for FHLB stock) and in mutual funds that are invested entirely in non-mortgage-related instruments.



**CMR584: *Mortgage-Related Mutual Funds***

Report in CMR584 the **current market value** of all investments in mutual funds (including limited partnership investment funds) that have any investments in mortgages, mortgage securities, mortgage-derivative securities, mortgage servicing rights, or other mortgage-related instruments.

In addition to reporting investments in mortgage-related mutual funds in CMR584, institutions may, at their option, report more detail about the composition of their investments in such funds in the Optional Supplemental Reporting section. Reporting this additional information will improve the accuracy of the interest rate risk estimate that OTS will produce. See the Optional Supplement Reporting section of the instructions for details.

**Mortgage loans Serviced by Others****CMR586: *Fixed-Rate Mortgage Loans Serviced by Others***

Report in CMR586 the outstanding balance of all performing fixed-rate mortgages held by the reporting institution but serviced by others.

**CMR587: *Weighted Average Servicing Fee***

Report in CMR587 the weighted average servicing fee (in basis points) paid to others to service the fixed-rate mortgage balances reported in CMR586. Calculate the weighted average servicing fee in the same manner as described for the Weighted Average Coupon in the General Instructions.

**CMR588: *Adjustable-Rate Mortgage Loans Serviced by Others***

Report in CMR588 the outstanding balance of all performing adjustable-rate mortgage balances held by the reporting institution but serviced by others.

**CMR589: *Weighted Average Servicing Fee:***

Report in CMR589 the weighted average servicing fee (in basis points) paid to others to service the adjustable-rate mortgage balances reported in CMR588. Calculate the weighted average servicing fee in the same manner as described for the Weighted Average Coupon in the General Instructions.

**CMR590: Credit Card Balances Expected to Pay Off in Grace Period**

Report in CMR590 the amount of the outstanding credit card balances that the institution expects will be repaid within an interest-free grace period and, thus, not incur interest charges.

**Example:** Suppose an institution has \$100,000 in outstanding fixed- and adjustable-rate credit card balances scheduled to be paid off over 60 months. The institution estimates that customers will repay 30 percent of those balances within the grace period. The institution would report \$30,000 in CMR590.

### III. LIABILITIES

#### Annual Percentage Yields

Unless otherwise stated in the reporting instructions, the interest rates for all liabilities should be reported as **annual percentage yields** (APY). The rates and balances used in calculating the APY should be those as of the reporting date, unless otherwise stated in the reporting instructions. If the APY is equal to zero, report .01 (one basis point).

In general, APY reflects the relationship between a given principal balance and the amount of interest that would be earned for a 365-day year. The APY is calculated using the following general formula:

$$APY = 100 [(1 + \text{Interest/Principal})^{(365/\text{Days in Term})} - 1]$$

where:

Principal	=	the amount of funds on deposit as of the reporting date,
Interest	=	the total dollar amount of interest that will be earned on the Principal over the remaining term of the account,
Days in Term	=	the actual number of days remaining to maturity. That is, the above formula can be used to compute the APY for instruments of any maturity.

The following examples are based on balances and rates as of the reporting date. Suppose an institution will pay \$30.37 in interest on a \$1,000 certificate of deposit with six months remaining to maturity (where the six month period actually contains 182 days). The APY is computed as follows:

$$\begin{aligned} APY &= 100 [(1 + 30.37/1,000)^{(365/182)} - 1] \\ &= 6.18\% \end{aligned}$$

Suppose now that the institution will pay \$133.13 in interest on a \$1,000 certificate of deposit with 2 years remaining to maturity (where the 2 year period actually contains 730 days). The APY is computed as follows:

$$\begin{aligned} APY &= 100 [(1 + 133.13/1,000)^{(365/730)} - 1] \\ &= 6.45\% \end{aligned}$$

Use Days in Term equal to 365 for accounts without a stated maturity. For example, suppose an institution would pay \$61.68 in interest for \$1,000 deposited in a NOW account for 365 days, assuming no further withdrawals or deposits by the depositor during that time. The APY for this NOW account is computed as follows:

$$\begin{aligned} APY &= 100 (61.68/1,000) \\ &= 6.17\% \end{aligned}$$

#### Optional Reporting of Deposit Information

The reporting of some information relating to fixed-rate, fixed-maturity deposits and nonmaturity deposits is optional. Specifically, Schedule CMR collects information on **early withdrawals** during the quarter for fixed-rate, fixed-maturity deposits, and the **balances deposited in new accounts** during the quarter for fixed-rate, fixed-maturity deposits and nonmaturity deposits. OTS intends to use this information to develop core deposit attrition rate estimates for each institution that reports this optional data. These

attrition rate estimates will be used by the OTS Net Portfolio Value Model to estimate the interest rate sensitivity of those institutions' core deposits. The OTS Model will apply national attrition rate estimates to the core deposits of institutions that choose not to report this information.

Institutions that choose to report this optional information should do consistently every quarter. Institutions that choose not to report this information should leave the relevant reporting cells blank.

## **Fixed-Rate, Fixed-Maturity Deposits**

### ***CMR601-CMR603, CMR615-CMR617, CMR631-CMR632, and CMR641: Balances***

Report each outstanding fixed-rate, fixed-maturity deposit (CD) balance in the cell corresponding to its remaining maturity and original maturity.

**Include:**

1. fixed-rate, fixed-maturity certificates of deposit;
2. notice accounts;
3. consecutive monthly payment accounts (e.g., Christmas Club accounts).

**Do not include:** Variable-rate, fixed-maturity deposits; report these on CMR721 to CMR748.

**Note:** Notice accounts are included in the maturity/repricing column corresponding to the remaining term of the notice period. Consecutive monthly payment accounts are included in the maturity/repricing column corresponding to the remaining term required to qualify for the "bonus" rate.

### ***CMR605-CMR607, CMR619-CMR621, CMR634-CMR635, and CMR643: Weighted Average Coupon (WAC)***

Report the weighted average annual percentage yield of the CD balances reported in each of the nine cells listed above. Calculate the weighted average annual percentage yield in the same way as described for the WAC in the General Instructions to Schedule CMR.

### ***CMR608-CMR610, CMR622-CMR624, CMR636-CMR637, and CMR644: Weighted Average Remaining Maturity (WARM)***

Report the WARM, in months, of the CD balances reported in each of the nine cells listed above. The method of calculation is described in the General Instructions to Schedule CMR.

### ***CMR604, CMR618, CMR633, and CMR642: Early Withdrawals During Quarter (Optional)***

Reporting in these cells is optional for all institutions. Report the dollar balances of CDs that were:

1. subject to early-withdrawal penalties; and
2. withdrawn prior to their contractual maturity during the quarter.

Report balances withdrawn prior to maturity according to what the remaining maturity of those balances would have been at the quarter's end had they not been withdrawn.

**CMR645: Total Fixed-Rate, Fixed-Maturity Deposits**

Report on CMR645 the sum of CMR601-CMR603, CMR615-CMR617, CMR631, CMR632, and CMR641.

**CMR650-CMR652: Balances in Brokered Deposits**

For the total CD balances reported in each original maturity column, determine the portion that are brokered deposits. Report these balances for each original maturity. The term "brokered deposit" is defined in the FDIC Improvement Act (1991); it refers to funds obtained, directly or indirectly, by or through any deposit broker.

**Example:** An institution has reported \$125,000 on CMR602, \$225,000 on CMR616, and \$250,000 on CMR631. Of the three balances, \$50,000, \$25,000, and \$35,000, respectively, are in brokered accounts. This institution would report \$110,000 (= \$50,000 + \$25,000 + \$35,000) on CMR651.

**CMR653-CMR655: Balances Subject to Early-Withdrawal Penalties Stated in Months of Forgone Interest**

For the balances reported in each original maturity column, determine the portion that is subject to early-withdrawal penalties (EWP) that are stated in **months of forgone interest**. Report these balances for each original maturity column. Do not include in these totals CDs having EWPs stated differently (e.g., flat penalty, market-related penalty).

**Example:** An institution has reported \$125,000 on CMR602, \$225,000 on CMR616, and \$250,000 on CMR631. Of the \$125,000 balance, \$100,000 are CDs with an EWP of 1.12 month's interest. Of the \$225,000 and \$250,000 balances, a total of \$450,000 are CDs with an EWP requiring forfeiture of 1.98 months' interest. This institution would report \$550,000 (= \$100,000+\$450,000) on CMR654.

**CMR656-CMR658: Early-Withdrawal Penalty in Months of Forgone Interest**

For the balances reported in each original maturity column, and totaled in CMR653 through CMR655, report the weighted average EWP in months of forgone interest for each year of contractual maturity or fraction thereof (with two decimal places). Report these for each original maturity column.

**Example:** An institution has reported \$125,000 on CMR602, \$225,000 on CMR616, and \$250,000 on CMR631. Of the \$125,000 balance, \$100,000 are CDs with an EWP of 1.12 month's interest.<sup>2</sup> Both the \$225,000 and \$250,000 aggregate balances are CDs with an EWP requiring forfeiture of 1.98 months' interest. The institution would calculate the weighted average EWP to be reported on CMR657 as follows:

$$\begin{aligned} \text{EWP} &= \frac{(100,000 \times 1.12) + (475,000 \times 1.98)}{(100,000 + 475,000)} \\ &= 1.83 \text{ months} \end{aligned}$$

**CMR659-CMR661: Balances in New Accounts (Optional)**

Balances in new accounts are defined as end-of-quarter balances in accounts whose holders had no maturing deposits of similar original maturity with the institution during the quarter. For example, a 3-month CD issued during the quarter **would not** be considered a new deposit if the account holder had a

<sup>2</sup> The early withdrawal penalties are stated in months of forgone interest for each year of remaining maturity or fraction thereof.

CD with original maturity of 12 months or less that matured during the quarter. The 3-month CD **would** be considered a New Account if it were a roll-over from a CD with original maturity of more than 12 months.

1. On CMR659, report the portion of balances reported on CMR601 and CMR615 that are new CD balances with original maturities of 12 months or less.
2. On CMR660, report the portion of balances reported on CMR616 and CMR631 that are new CD balances with original maturities of 13 to 36 months.
3. On CMR661, report the portion of balances reported on CMR632 and CMR641 that are new CD balances with original maturities of 37 or more months.

## **Fixed-Rate, Fixed-Maturity FHLB Advances, Other Borrowings, Redeemable Preferred Stock, and Subordinated Debt**

### ***CMR675-CMR677, CMR679-CMR681, CMR683-CMR685, CMR687-CMR689, CMR691-CMR693, CMR695-CMR697, CMR699-CMR701, CMR703-CMR705: Balances***

Report each outstanding balance of fixed-rate, fixed-maturity borrowings in the cell corresponding to its coupon class and remaining maturity.

#### **Include:**

1. FHLB advances,
2. commercial bank loans,
3. reverse repurchase agreements,
4. retail repurchase agreements,
5. commercial paper issued,
6. subordinated debt,
7. redeemable preferred stock,
8. all other borrowings.

#### **Do not include:**

1. notice accounts; report these on CMR601 to CMR661;
2. consecutive monthly payments accounts; report these on CMR601 to CMR661,
3. collateralized mortgage securities issued; report these on CMR785.

Amortizing instruments are distributed across remaining maturity columns (in the appropriate coupon class) according to their contractual principal repayment schedules. For example, suppose a \$120,000 note, with an annual percentage yield of 9.5% and remaining maturity of 10 years, amortizes as follows: \$3,000 in the next 3 months, \$33,000 in months 4 through 36, and \$84,000 in the last 84 months. The note would be reported in CMR695, CMR696, and CMR697 as \$3,000, \$33,000, and \$84,000, respectively.

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**CMR678, CMR682, CMR686, CMR690, CMR694, CMR698, CMR702, CMR706:  
Weighted Average Coupon (WAC)**

Report the WAC of the balances reported in each coupon class. To calculate the WAC, first determine the annual percentage yields of borrowings that are reported in each coupon class (e.g., for the 5.00 to 5.99% class, determine the annual percentage yields of borrowings reported in CMR679-CMR681). Second, for each coupon class, use these yields to calculate the WAC, as described in the General Instructions to Schedule CMR.

**CMR711-CMR713: Weighted Average Remaining Maturity (WARM)**

Report the WARM for each remaining maturity column. To calculate the WARM, first determine the remaining maturity of each of the borrowings that are reported in each remaining maturity class. For example, for the 0 to 3 months column, determine the remaining maturity of borrowings reported in CMR675, CMR679, CMR683, CMR687, CMR691, CMR695, CMR699, and CMR703. Second, for each remaining maturity class, use these remaining maturities to calculate the weighted average remaining maturity, as described in the General Instructions to Schedule CMR.

**Callable borrowings:** Callable borrowings are fixed-rate, fixed maturity borrowings that can be called by the issuer at certain dates before the borrowings' maturity date. Report the remaining maturity of callable borrowings using **either** Option 1 **or** Option 2, below.

**Option 1:** Report the remaining maturity of the borrowings based on their stated maturity, **and** report in CMR941 through CMR949 the market value of the call option in the nine interest rate scenarios.

**Option 2:** Report the remaining maturity of the borrowings based on their next call date.

**CMR715: Total Fixed-Rate, Fixed-Maturity Borrowings**

Report on CMR715 the sum of all fixed-rate, fixed-maturity borrowings; it should equal the sum of CMR675-CMR677, CMR679-CMR681, CMR683-CMR685, CMR687-CMR689, CMR691-CMR693, CMR695-CMR697, CMR699-CMR701, and CMR703-CMR705.

**Variable-Rate, Fixed-Maturity Liabilities**

**Include** liabilities of the following types that have contractually stated maturities and indexed rates:

1. certificates of deposit,
2. FHLB advances,
3. commercial bank loans,
4. reverse repurchase agreements,
5. retail repurchase agreements,
6. commercial paper issued,
7. subordinated debt,
8. redeemable preferred stock,
9. all other borrowings.

**Do not include** collateralized mortgage securities issued; report these on CMR785.

Report variable-rate, fixed-maturity (VRFM) liabilities either in aggregated form (on CMR721 through CMR748) or in disaggregated form using the Optional Supplemental Reporting form. Instructions for reporting VRFM liabilities in aggregated form are summarized below. If the Optional Supplemental Reporting is used instead, follow the instructions for that form (see Section IV).

## General Instructions

Report VRFM liabilities issued by the institution as follows:

1. Aggregate VRFM liabilities by type of liability (see list in the table titled "Liability Codes," below) and rate index (see the list provided in Appendix A). That is, all VRFM liabilities that have the same liability and index code would be reported together as a single "position." The three positions with the largest "dollar-weighted reset frequency" (defined below) are reported individually as "Position 1" through "Position 3"; the remaining VRFMs are aggregated and reported collectively as "All Other Positions."
2. Assign a liability code (provided in the table below) and an index code (provided in Appendix A) to each position. For example, all FHLB advances with rates indexed to the Fed Funds rate are reported together as a single position regardless of differences in margin, rate reset frequency, months to next reset, or remaining maturity. This position would have the liability code 220 (*i.e.*, the code for FHLB advances) and the index code 800 (*i.e.*, the code that shows that the interest rate on the advances is indexed to the Fed Funds rate).
3. For each position, calculate the information requested in each column (*i.e.*, total balance, weighted average margin, weighted average rate reset frequency, weighted average months to next reset, and weighted average remaining maturity), according to the instructions below.
4. Calculate the "**dollar-weighted reset frequency**" for **each position** as the product of the position's total balance and its weighted average rate reset frequency.
5. Report in the lines labeled Position 1, Position 2, and Position 3, the requested information for the **three** positions with the largest dollar-weighted reset frequency. In the last line, labeled "All Other Positions," report the requested information for **the aggregate of all remaining positions**. If only one or two positions are reported, leave the remaining line(s) blank.

## Specific Instructions

### **CMR721, CMR728, and CMR735: Liability Code**

The liability code is a 3-digit code that denotes the type of liability being reported. The codes are listed in the table below.

**Table: Liability Codes**

Liability Codes for Positions 1 through 3	Liability Type
200	Certificates of deposit
220	FHLB advances
299	Other

**CMR722, CMR729, and CMR736: Rate Index Code**

The index code is a 3-digit code that describes the index of the liability being reported. The codes are listed in the List of Interest Rate Index Codes (see Appendix A).

**CMR723, CMR730, CMR737, and CMR744: Balance**

Report the outstanding balance of each position. Do not report the carrying value. Report on CMR744 the aggregate balance of all remaining positions.

**CMR724, CMR731, CMR738, and CMR745: Weighted Average Margin**

The margin of a variable-rate liability is the amount that is added to the index rate to derive the coupon rate. Calculate the weighted average margin of each position as described in the General Instructions to Schedule CMR. Report on CMR745 the weighted average margin, in basis points, for the aggregate of all **remaining** positions.

**CMR725, CMR732, CMR739, and CMR746: Weighted Average Rate Reset Frequency**

Calculate the weighted average rate reset frequency, in month, for each position in the same manner as the WARM, described in the General Instructions to Schedule CMR. Report on CMR746 the weighted average reset frequency for the aggregate of all positions.

**CMR726, CMR733, CMR740, and CMR747: Weighted Average Months to Next Reset**

Calculate the weighted average months to next reset for each position in the same manner as the WARM, described in the General Instructions to Schedule CMR. Report on CMR747 the weighted average months to next reset for the aggregate of all **remaining** positions.

**CMR727, CMR734, CMR741, and CMR748: Weighted Average Remaining Maturity (WARM)**

Calculate the WARM for each position as described in the General Instructions to Schedule CMR. Report on CMR748 the WARM for the aggregate of all **remaining** positions.

**Memo:****CMR755: Book Value of Redeemable Preferred Stock**

Report the book value of redeemable preferred stock of the type reported on SC799.



## Nonmaturity Deposits

### **CMR762-CMR763: Transaction Accounts**

Transaction accounts are defined by OTS Regulation 561.29 and include NOW, Super NOW, and other interest-bearing transaction accounts. Report **total balances** of all interest-bearing transaction accounts on CMR762.

Report the **WAC** for total interest-bearing transaction account balances on CMR763. Determine the annual percentage yields of balances reported on CMR762. Use these to calculate the weighted average annual percentage yield in the same manner as the WAC computation described in the General Instructions to Schedule CMR, and report it in CMR763.

### **CMR764: Balances in New Accounts (Optional)**

Reporting in this cell is optional for all institutions. Balances in New Accounts are defined as end-of-quarter balances in accounts whose holders had no transaction accounts with the reporting institution at the end of the prior quarter.

### **CMR765-CMR766: Money Market Deposit Accounts**

Money market deposit accounts (MMDAs) are defined by OTS Regulation 561.28 or by applicable state law. Report **total balances** of MMDAs on CMR765.

Report the **WAC** for MMDA balances on CMR766. Determine the annual percentage yields of balances reported on CMR765 and use these to calculate the weighted average annual percentage yield, in the same manner as the WAC computation described in the General Instructions to Schedule CMR, and report it in CMR766.

### **CMR767: Balances in New Accounts (Optional)**

Reporting in this cell is optional for all institutions. Balances in New Accounts are defined as end-of-quarter balances in accounts whose holders had no MMDA with the reporting institution at the end of the prior quarter.

### **CMR768-CMR769: Passbook Accounts**

Passbook accounts consist of all nonmaturity deposits not reported in CMR762, CMR765, and CMR771. Report **total balances** of Passbook Accounts on CMR768.

Report the **WAC** for passbook accounts balances on CMR769. Determine the annual percentage yields of balances reported on CMR768 and use these to calculate the weighted average annual percentage yield, in the same manner as the WAC computation described in the General Instructions to Schedule CMR, and report in CMR769.

### **CMR770: Balances in New Accounts (Optional)**

Reporting in this cell is optional for all institutions. Balances in New Accounts are defined as end-of-quarter balances in accounts whose holders had **no** passbook accounts with the reporting institution at the end of the prior quarter.

**CMR771: *Noninterest-Bearing Nonmaturity Deposits***

Report **balances** of all nonmaturity deposit accounts that are permanently noninterest-bearing on CMR771. Do **not** include balances in nonmaturity deposits (*i.e.*, transaction accounts or MMDAs) that do not currently earn interest because they are below the contracted minimum balance required to earn interest.

**CMR773: *Balances in New Accounts (Optional)***

Reporting in this cell is optional for all institutions. Balances in New Accounts are defined as end-of-quarter balances in accounts whose holders had **no** noninterest-bearing nonmaturity deposits with the reporting institution at the end of the prior quarter.

**Escrow Accounts**

Escrow accounts include the types of accounts reported in SC783. Report balances of **escrow accounts associated with single-family, first mortgages owned by the institution** on CMR775. Report balances of **tax and insurance escrows associated with single-family, first mortgages serviced for others** on CMR777. (Balances of **principal and interest escrows** established pursuant to loan servicing agreements, including those in custodial accounts, should be reported in CMR786, Miscellaneous Liabilities I.) On CMR779, report balances of all escrow accounts not reported in CMR775, CMR777, and CMR786.

Escrow accounts associated with mortgages **partially** owned by the institution should be reported according to the percentage of ownership. For example, an institution has sold an 80% participating interest in a pool of mortgages and has retained the servicing. The institution has \$60,000 in tax and insurance escrow accounts and \$40,000 in principal and interest escrow accounts that are associated with the pool of mortgages. The institution would report the following amounts: in CMR775, \$12,000 (= \$60,000 x .20); in CMR777, \$48,000 (= \$60,000 x .80); and in CMR786, \$40,000.

Report the **WAC** of escrows reported on CMR775, CMR777, and CMR779 in CMR776, CMR778, and CMR780, respectively. Calculate the WAC as described in the General Instructions to Schedule CMR.

**CMR781: *Total Nonmaturity Deposits and Escrow Accounts***

Report on CMR781 the sum of CMR762, CMR765, CMR768, CMR771, CMR775, CMR777, and CMR779.

**CMR782: *Unamortized Yield Adjustments on Deposits***

Report on CMR782 unamortized yield adjustments of the type reported in SC715.

**CMR784: *Unamortized Yield Adjustments on Borrowings***

Report on CMR784 unamortized yield adjustments applicable to liabilities of the types reported on SC720 (Advances from FHLBank), SC730 (Reverse Repurchase Agreements), SC735 (Subordinated Debentures, Including Mandatory Convertible Securities), SC740 (CMOs, Including REMICs), SC745 (Other Mortgage Collateralized Securities Issued), and SC760 (Other Borrowings). Add to this amount any unamortized yield adjustments related to redeemable preferred stock of the type reported on SC799.

## Other Liabilities

### ***CMR785: Collateralized Mortgage Securities Issued***

Report the carrying value of collateralized mortgage securities issued that are not recorded as sales in accordance with GAAP as principally prescribed by FAS No. 77, "Reporting by Transferors of Receivables with Recourse" and FASB Technical Bulletin 85-2, "Accounting for Collateralized Mortgage Obligations (CMO)." Include CMOs and other collateralized mortgage securities issued.

### ***CMR786: Miscellaneous Liabilities I***

Report amounts of the types included in SC763 (Accrued Interest Payable on Deposits), SC766 (Accrued Interest Payable on Other Liabilities), SC776 (Accrued Taxes), and SC780 (Accounts Payable).

Include amounts of the type reported in schedule SC, line SC796, **except** financial option fees received and deferred net gains on liability hedges. [For definitions of these two items, see the instructions for schedule SC, line 796, code numbers 02 and 03, respectively].

Also report in CMR786, balances in principal and interest escrow accounts established pursuant to loan servicing agreements.

### ***CMR787: Miscellaneous Liabilities II***

Report amounts of the types included SC790 (Deferred Income Taxes). Also include financial option fees received and deferred net gains on liability hedges. [For definitions of these items, see the instructions for schedule SC, line 796, code numbers 02 and 03, respectively].

## Total Liabilities (Incl. Redeemable Preferred Stock)

Report on CMR790 the sum of all liability balances reported on Schedule CMR. Specifically, report the sum of CMR645, CMR715, CMR723, CMR730, CMR737, CMR744, CMR781, and CMR782 through CMR787.

## Minority Interest in Consolidated Subsidiaries

Report on CMR793 amounts of the types included in SC799 (Redeemable Preferred Stock and Minority Interest) less redeemable preferred stock and related unamortized yield adjustments reported elsewhere on Schedule CMR.

## Equity Capital

Report on CMR796 the amount reported in SC80, Total Equity Capital.

## Total Liabilities, Minority Interest, and Capital

Report on CMR800 the sum of CMR790, CMR793, and CMR796.

## IV. OFF-BALANCE-SHEET CONTRACTS

### Introduction

Off-balance-sheet (OBS) contracts are divided into the following ten general types of contracts for reporting on Schedule CMR:

1. optional commitments to originate mortgages,
2. firm commitments to purchase, sell, or originate mortgages,
3. optional commitments to purchase or sell mortgages,
4. commitments to purchase or sell non-mortgage financial assets and liabilities,
5. interest-rate swaps,
6. interest-rate caps,
7. interest-rate floors,
8. futures,
9. options on futures,
10. construction loans in process.

OBS contract positions are reported in CMR801 through CMR880. To report an OBS contract position, report the contract code (described below) corresponding to the position in the column titled "Contract Code." Enter the notional principal amount of the position in the column titled "Notional Amount." Report information in the other columns in accordance with the instructions for each type of contract. Examples of how to report various positions are provided in the sections detailing the reporting of each type of contract.

### Reporting More Than 16 OBS Positions

CMR801 through CMR880 accommodate the reporting of 16 OBS positions. Institutions with more than 16 positions must report the remaining positions by one of the following two methods:

1. Report the remaining positions on the continuation sheet entitled "Optional Supplemental Reporting For Off-Balance-Sheet Positions" in the same manner as the initial 16 positions. Number each position sequentially in the column entitled "Entry #," beginning with the number 1 for the first position reported. **Use as many continuation sheets as necessary to report the remaining positions.** In CMR902, report the number lines that are reported in this manner.
2. The institution may provide its own estimate of the market values of the remaining positions in each of the nine interest-rate scenarios called for in CMR911 through CMR919. To report under this method, see "Market Value Estimates of OBS Contracts" in Section V, Reporting of Market Value Estimates. In CMR903, report the number of lines that are reported by this method.

If the institution chooses this method, it must report all positions of Optional Commitments to Originate Mortgages (discussed below) as part of the 16 positions reported in CMR801 through CMR880.

## Contract Codes

All OBS contract positions must be identified by a four digit contract code. A list of codes for each type of contract is provided in Appendix B.

The first two digits of the contract code designate the general type of contract. For example, all codes for optional commitments to originate mortgages begin with the digits "10." The last two digits of the code designate the specific type of OBS contract within the general type. For example, optional commitments to originate 30-year FRMs are designated by the code "1014."

OBS contracts for which no contract code is listed in Appendix B (e.g., CMO swaps) should be reported in CMR911 through CMR919. (For further instructions, see "Market Value Estimates of OBS Contracts" in Section V, Reporting of Market Value Estimates.)

## Reporting Instructions

Instructions are provided below for each of the ten general types of OBS contracts. Each section begins with a definition of the contracts covered in that section. Guidance is provided on how contracts are to be combined, or aggregated, for reporting purposes. Specific instruction is given on what to report in each of the five columns in CMR801 through CMR880 and examples are provided.

Report all rates as a percent to two decimal places. For example, to report a coupon rate of 7.50%, report 7.50. Report all prices as a percentage of par to two decimal places. For example, to report a price of 102 percent of par, report 102.00. A price of par would be reported as 100.00.

## Optional Commitments to Originate Mortgages

Optional commitments to originate mortgages are obligations to originate mortgage loans at a specified interest rate (fixed or adjustable), where the potential borrower faces no substantial penalty for failing to take the loan. Report only those optional commitments to originate for which a specified interest rate (a "rate lock") has been offered to the potential borrower. Exclude commitments for which a rate lock has not been made.

Commitments to originate are considered "firm" when both the borrower and the lender are **obligated** to close the loan at the interest rate specified. Instructions for reporting firm commitments are provided below.

## Aggregation

Report all commitments having the same contract code (see Appendix B for codes) as a single position. For example, report all commitments on 1-month COFI ARMs (code 1002) as a single position, report all commitments on 6-month and 1-year COFI ARMs (code 1004) as a single position, and so forth.

### **Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

### **Column 2: Notional Amount**

Report the dollar amount of commitments outstanding in Column 2. For rate-locked loans that have yet to receive credit approval, deduct an amount representing expected credit denials. Do not adjust the reported amount for fallout of approved loans.

**Column 3: Maturity or Fees**

Report in Column 3 the dollar amount (in thousands) of loan origination and loan discount fees that would be collected if each loan closed. These fees should include compensation for "buy-ups" or "buy-downs." (Do not include any other fees collected in the loan origination process, such as application, appraisal, credit, and title fees.)

**Column 4: Price/Rate #1**

Report in Column 4 the weighted average coupon (WAC) of outstanding commitments. Refer to the calculation of the WAC in the General Instructions to Schedule CMR.

**Column 5: Price/Rate #2 (Optional)**

Reporting this information is optional for all institutions. Report in Column 5 the percentage of optional commitments (by dollar balances), outstanding as of the end of the previous quarter, that closed during the quarter. For example, assume an institution reports \$120 million of optional commitments on 30-year fixed-rate mortgages, as of June 30. Of the \$100 million of optional commitments that it reported in the previous quarter's report (*i.e.*, the report for the quarter ending March 31) \$75 million closed during the quarter. This institution would report 75.00 [equal to (\$75 million/\$100 million) x 100] in Column 5 for the quarter ending June 30.

OTS intends to use this information to develop fallout rate estimates for institutions that report this data. These estimates would be used by the OTS Model to estimate the interest rate sensitivity of those institutions' mortgage pipelines.

Institutions that choose not to report this information should leave this cell blank; the OTS Model will use national fallout rate estimates to estimate the market value of the mortgage pipelines of such institutions.

**Examples:**

**Position 1:** The institution has \$25 million of optional commitments to originate 30-year FRMs. The WAC for these commitments is 8.67%. The institution would collect loan origination and loan discount fees of \$560,000 if all of the loans in this position closed. Sixty-five percent of the optional commitments outstanding at the end of the prior quarter closed.

**Position 2:** The institution has \$5 million and \$10 million of optional commitments to originate 6-month and 1-year COFI ARMs, respectively. (These positions are combined for reporting purposes because they are reported under the same contract code.) The respective WACs on these commitments are 7.10% and 7.40%, and loan origination and loan discount fees to be collected total \$420,000. The institution chooses not to report in column 5.

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	1014	25 000	560	8.67	65.00
Position 2	1004	15 000	420	7.30	

## Firm Commitments to Purchase, Sell, or Originate Mortgages

Firm commitments to purchase or sell mortgages are agreements to purchase or sell mortgage loans, MBS, or mortgage derivative products at a specified price on a specified date. Firm commitments to originate mortgages are binding obligations to provide a specified amount of a mortgage loan at a specified interest rate (fixed or adjustable). Commitments to originate mortgages should be considered "firm" only if the borrower is obligated to pay the lender a substantial penalty if the borrower fails to take the loan. The penalty should approximate the difference between the value of the loan at the commitment rate and the value of the same loan at the subsequent (lower) mortgage rate.

### Aggregation

Report all commitments having the same contract code (see Appendix B for codes) as a single position. For example, report all firm commitments to purchase 1-month COFI ARM loans on a servicing retained basis as a single position (code 2002), report all firm commitments to sell 6-month or 1-year Treasury ARM MBS as a single position (code 2066), and so forth.

Commitments to purchase or sell mortgage loans and commitments to purchase or sell MBS have different contract codes and are reported separately.

#### **Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

#### **Column 2: Notional Amount**

Report the dollar amount of commitments outstanding in Column 2.

#### **Column 3: Maturity or Fees**

Report in Column 3 the dollar amount (in thousands) of fees, if any, associated with the position. Fees to be paid by the reporting association should be reported as a negative value.

For **commitments to originate mortgages**, include loan origination and loan discount fees that would be collected if each loan closed. These fees should include compensation for "buy-ups" or "buy-downs," but not other fees collected in the loan origination process, such as application, appraisal, credit, and title fees.

For **commitments to purchase or sell mortgages**, report any additional fees, net of costs.

#### **Column 4: Price/Rate #1**

Report in Column 4 the weighted average interest rate specified in the commitments. Refer to the calculation of the WAC in the General Instructions to Schedule CMR. Leave this column blank for commitments to purchase or sell mortgage derivative products.

#### **Column 5: Price/Rate #2**

Report in Column 5 the weighted average price (as a percentage of par to 2 decimal places) to be paid or received on the commitments. For commitments to originate mortgages, report a price of par (*i.e.*, 100.00). Leave this column blank for commitments to purchase or sell mortgage derivative products.

### **Examples:**

**Position 1:** The institution has a mandatory delivery commitment with FNMA to sell, on a servicing retained basis, \$25 million of 1-year Treasury ARM loans with a "required net yield" of 7.50% at par. (The required net yields for mandatory forward sales quoted by FNMA and FHLMC are net of the servicing fee. The contract code assigned to these commitments is 2026. The code 2126 would be used if the commitment to sell included the servicing of the loan.)

**Position 2:** The institution has a commitment to purchase \$15 million 3-year Treasury ARM MBS with a pass-through rate of 7.70% at par. The institution also has a commitment to purchase \$5 million 5-year Treasury ARM MBS with a pass-through rate of 8.00% for 98.00 (percent of par). (These positions are combined and reported as a single position because they have the same contract code.)

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	2026	25 000	0	7.50	100.00
Position 2	2048	20 000	0	7.78	99.50

## Optional Commitments to Purchase or Sell Mortgages or MBS

Optional commitments to purchase mortgages or MBS are contracts that grant the buyer of the option the right, but not the obligation, to buy a specified type and amount of mortgages or MBS, with a specified WAC (for mortgages) or pass-through rate (for MBS), at a specified price (called the "strike price") on a specified date (called the "expiration date"). Optional commitments to sell mortgages or MBS are contracts that grant the buyer of the option the right, but not the obligation, to sell a specified type and amount of mortgages or MBS, with a specified WAC or pass-through rate, at a specified price on a specified date.

An institution can hold either a "long" position in an optional commitment to purchase or sell (having bought the option), or hold a "short" position in an optional commitment to purchase or sell (having sold the option). An institution can have any of four types of positions in an optional commitment on mortgages or MBS: (1) long the option to purchase the mortgages or MBS, (2) long the option to sell the mortgages or MBS, (3) short the option to purchase the mortgages or MBS, and (4) short the option to sell the mortgages or MBS.

If the contract does not specify both a price and a pass-through rate it should not be reported on Schedule CMR. For example, FNMA issues optional delivery commitments in which the required net yield is not specified. Such commitments should not be reported on Schedule CMR.

## Aggregation

Report each optional commitment to purchase or sell mortgages or MBS as a single position.

### **Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

### **Column 2: Notional Amount**

Report the notional principal amount of the commitment in Column 2.

### **Column 3: Maturity or Fees**

Report the number of days until the commitment expires in Column 3.

### **Column 4: Price/Rate #1**

Report the coupon rate or the pass-through rate in Column 4.



**Column 5: Price/Rate #2**

Report the strike price (as a percentage of par) in Column 5.

**Examples:**

**Position 1:** The institution has purchased an optional commitment to sell \$10 million of 5-year balloon mortgages with a coupon of 7.00% at a price of 98.00 (percent of par). The commitment expires in 45 days.

**Position 2:** The institution has sold an optional commitment to purchase \$25 million of 8.50% coupon 15-year FRMs for par in 20 days.

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	3030	10 000	45	7.00	98.00
Position 2	3052	25 000	20	8.50	100.00

## Commitments to Purchase or Sell Nonmortgage Financial Assets and Liabilities

Commitments to purchase or sell nonmortgage financial assets and liabilities are agreements to purchase or sell financial assets other than mortgages or MBS, and commitments to purchase or sell liabilities, for a specified fixed price, on a specified date. (Commitments to purchase or sell mortgages or MBS should be reported in accordance with the instructions for those commitments, above.)

Reverse-repurchase and repurchase agreements should **not** be reported as OBS contracts. Such agreements should be reported as the underlying loan or borrowing they represent in CMR461 or CMR476 through CMR478, and CMR675 through CMR715, respectively.

### Aggregation

Report commitments to purchase or sell non-mortgage financial assets and liabilities that can be combined under the same contract code (see Appendix B for codes) as a single position. For example, report all commitments to purchase non-mortgage financial assets (code 4002) as a single position, report all commitments to sell core deposits (code 4024) as a single position, and so forth.

**Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

**Column 2: Notional Amount**

Report the dollar amount of the commitments outstanding in Column 2.

**Column 3: Maturity or Fees**

If the position consists of commitments on non-mortgage financial assets, report the weighted average maturity (WAM) of the assets in months in Column 3. If the position consists of commitments on core deposits, leave Column 3 blank. If the position consists of commitments on other liabilities, report the

WAM in months in Column 3. Refer to the calculation of the weighted average remaining maturity (WARM) in the General Instructions to Schedule CMR.

**Column 4: Price/Rate #1**

If the position consists of commitments on non-mortgage financial assets, report the WAC of the assets in Column 4. If the position consists of commitments on either core deposits or other liabilities, report the weighted average interest rate paid on the liabilities in Column 4. Refer to the calculation of the WAC in the General Instructions to Schedule CMR.

**Column 5: Price/Rate #2**

Report in Column 5 the weighted average price (as a percentage of par) to be paid or received on the instruments underlying the commitment. Refer to the calculation of the WAC in the General Instructions to Schedule CMR.

**Examples:**

**Position 1:** The institution has agreed to sell \$500,000 of 10-year Treasury securities with a WAC of 9.23% at a weighted average price of 95.39 (percent of par).

**Positions 2 and 3:** The institution has agreed to sell four branches and the liabilities maintained at those branches. The branches contain \$16 million in core deposits that pay a weighted average rate of 6.40%, and \$44 million in other liabilities that pay a WAC of 7.50% and have a WARM of 26 months. The agreed upon premium is 2%, net of any assets that will change hands in this transaction (*i.e.*, the seller pays \$58.8 million, or 98% of par, to the buyer for assuming total of \$60 million of liabilities).

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	4022	500	120	9.23	95.39
Position 2	4024	16 000		6.40	98.00
Position 3	4026	44 000	26	7.50	98.00

## Interest-Rate Swaps

Interest-rate swaps are agreements to exchange streams of coupon payments based on a notional principal amount. One or both of the coupon payment streams varies with a specified interest rate index.

### Aggregation

Report each swap as a separate position.

**Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

**Column 2: Notional Amount**

Report the notional principal amount of the swap in Column 2.

**Column 3: Maturity or Fees**

Maturity information for both current and forward swaps is reported in Column 3 using the same format. First, report the effective date of the swap (*i.e.*, the date that interest for the first payment of the swap agreement begins to accrue) in YYMM format. Second, report the maturity date (*i.e.*, the date of the last payment of the swap agreement), also in YYMM format.

For example, for a current swap effective February 21, 1991, and maturing February 21, 2001, report 91020102 in Column 3; for a forward swap effective February 21, 2000, and maturing February 21, 2010, report 00021002 in Column 3.

For a mortgage swap, report the maturity date of the underlying pool of mortgages, not the termination date of the agreement.

**Column 4: Price/Rate #1**

For fixed-for-floating swaps, report in Column 4 the fixed rate that is either received or paid.

For basis swaps, report in Column 4 the margin that is added to (subtracted from) the index being received as a positive (negative) number. If there is no margin, leave Column 4 blank.

For mortgage swaps, report in Column 4 the mortgage coupon rate or the pass-through rate that is either received or paid.

**Column 5: Price/Rate #2**

For fixed-for-floating swaps, report in Column 5 the margin that is added to (subtracted from) the index as a positive (negative) number. If there is no margin, leave Column 5 blank.

For basis swaps, report in Column 5 the margin that is added to (subtracted from) the index being paid as a positive (negative) number. If there is no margin, leave Column 5 blank.

For mortgage swaps, report in Column 5 the margin as a positive number if it added to the index being received, and as a negative number if it is added to the index being paid.

**Examples:**

**Position 1:** The institution pays a fixed rate of 9.20% and receives 3-month LIBOR on a \$25 million swap that went into effect in March 1990 and expires in March 1996.

**Position 2:** The institution will pay a fixed rate of 9.00% and receive 6-month LIBOR on a \$10 million **forward swap** that begins in December 1994 and ends in December 1997.

**Position 3:** The institution has purchased a \$25 million **swaption** that would begin (if exercised) in June 1993 and mature in June 1998. The swaption grants the right to pay a fixed rate of 9.50% and receive 3-month LIBOR.

**Position 4:** The institution pays 1-month LIBOR and receives COFI on a \$15 million swap that went into effect in December 1993 and expires in June 1998.

**Position 5:** The institution pays 1-month LIBOR plus 0.30% and receives a mortgage coupon of 10% under a mortgage swap that went into effect September 1990. The notional principal amount of the swap is \$8,235,000 as of the report date. The underlying pool of mortgages matures in September 2015.

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	5004	25 000	90039603	9.20	
Position 2	5006	10 000	94129712	9.00	
Position 3	5104	25 000	93069806	9.50	
Position 4	5062	15 000	93129806		
Position 5	5072	8 235	90091509	10.00	0.30

## Interest-Rate Caps

An interest-rate cap is an option contract that compensates the holder of the cap when a specified interest-rate index increases above a specified rate (called the cap rate or strike rate). The party that has purchased the cap is said to be "long" the cap, while the party that has sold the cap is said to be "short" the cap.

An interest-rate "corridor" is an agreement that combines a short position in an interest-rate cap and a long position in an interest-rate cap. To report corridors, report the two component cap positions separately.

An interest-rate "collar" is an agreement that combines an interest-rate cap position and an interest-rate floor position. To report collars, report the component cap and floor positions separately. (The instructions for reporting interest-rate floors, as well as an example of reporting a collar, are provided below.)

## Aggregation

Report each interest-rate cap as a separate position.

### **Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

### **Column 2: Notional Amount**

Report the notional principal amount of the cap in Column 2.

### **Column 3: Maturity or Fees**

Maturity information for both current and forward caps is reported in Column 3 using the same format. First, report the effective date of the cap (*i.e.*, the first exercise date of the cap) in YYMM format. Second, report the maturity date (*i.e.*, the month of the last payment date of the cap), also in YYMM format.

For example, for a cap with its first exercise date on February 21, 1991, and with its last payment date on February 21, 2001, report 91020102 in Column 3; for a forward cap with first exercise date on February 21, 2000, and last payment date on February 21, 2010, report 00021002 in Column 3.

**Column 4: Price/Rate #1**

Report the cap rate, or strike rate, in Column 4.

**Column 5: Price/Rate #2**

Leave Column 5 blank.

**Examples:**

**Position 1:** The institution is long a \$10 million cap based on 6-month LIBOR with a cap rate of 8.25%. The first exercise date was in November 1993 and it expires in November 1998.

**Position 2:** The institution is long a \$25 million forward cap based on COFI with a cap rate of 8.50%. The cap's first exercise date will be in February 1995 and it expires in February 1999.

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	6006	10 000	93119811	8.25	
Position 2	6020	25 000	95029902	8.50	

## Interest-Rate Floors

An interest-rate floor is an option contract that compensates the holder of the floor when a specified interest-rate index decreases below a specified rate (called the floor rate or strike rate). The party that has purchased the floor is said to be "long" the floor, while the party that has sold the floor is said to be "short" the floor.

Interest-rate "collars" are agreements that combine interest-rate floor and interest-rate cap positions (the instructions for reporting interest-rate caps are provided above). To report collars, report the component cap and floor positions separately. (For an illustration, see the second example, below).

## Aggregation

Report each interest-rate floor as a separate position.

**Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

**Column 2: Notional Amount**

Report the notional principal amount of the floor in Column 2.

**Column 3: Maturity or Fees**

Maturity information for both current and forward floors is reported in Column 3 using the same format. First, report the effective date of the floor (*i.e.*, the first exercise date of the floor) in YYMM format. Second, report the maturity date (*i.e.*, the month of the last payment date of the floor), also in YYMM format.

For example, for a floor with its first exercise date on February 21, 1991, and with its last payment date on February 21, 2001, report 91020102 in Column 3; for a forward floor with first exercise date on February 21, 2000, and last payment date on February 21, 2010, report 00021002 in Column 3.

**Column 4: Price/Rate #1**

Report the floor rate, or strike rate, in Column 4.

**Column 5: Price/Rate #2**

Leave Column 5 blank.

**Examples:**

**Position 1:** The institution is short (has sold) a \$10 million floor based on the 3-month Treasury rate with a floor rate of 6.00%. The first exercise date was in October 1993 and it expires in October 1998.

**Positions 2 and 3:** The institution has entered into a \$25 million interest-rate collar in which it is long a 3-month LIBOR cap at a strike rate of 8.00% and short a 3-month LIBOR floor at a strike rate of 5.00%. The first exercise date was in September 1989 and it expires in September 1999. (The cap and floor components of the collar are reported separately in positions 2 and 3, below.)

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	7038	10 000	93109810	6.00	
Position 2	6004	25 000	89099909	8.00	
Position 3	7034	25 000	89099909	5.00	

## Futures

A futures contract is an agreement to buy or sell a specified commodity or financial instrument for a specified price on a specified date. The party agreeing to purchase the instrument is "long" the futures contract and the party agreeing to sell the instrument is "short" the contract.

Futures are exchange-traded contracts. Forward contracts, which are traded over-the-counter, should not be reported as futures. Instead, the reporting institution should estimate the market value of the forward contracts, in the nine interest rate scenarios described in Section V of these instructions, and report them in CMR911 through CMR919 (Market Value Estimates of Off-Balance Sheet Contracts).

## Aggregation

Futures positions with the same contract code (see Appendix B for codes) and same delivery date should be reported as a single position. For example, report short positions in Eurodollar futures (code 8046) deliverable in March separately from those with a June delivery date.

**Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

**Column 2: Notional Amount**

Report the notional principal amount of the futures position in Column 2.

**Column 3: Maturity or Fees**

Report the delivery date for the futures position in Column 3 in YYMM format.

**Column 4: Price/Rate #1**

Leave Column 4 blank.

**Column 5: Price/Rate #2**

Leave Column 5 blank.

**Example:**

The institution has the following short futures positions:

1. Eurodollar futures contracts (\$1 million notional principal per contract) expiring in March 1996,
2. Eurodollar futures contracts expiring in June 1996, and
3. 3-month Treasury bill contracts (\$1 million notional principal per contract) expiring in March 1996.

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	8046	10 000	9603		
Position 2	8046	15 000	9606		
Position 3	8034	12 000	9603		

## Options on Futures

A call option on a futures contract is a contract that grants the buyer of the option the right, but not the obligation, to acquire a long position in a futures contract at a specified price (the "strike price") on a specified date (the "expiration date").

A put option on a futures contract is a contract that grants the buyer the right, but not the obligation, to acquire a short position in a futures contract at a specified price on a specified date.

An institution can hold either a "long" position in a call option or a put option (having bought the option), or a "short" position in a call option or a put option (having sold the option). Therefore, an institution can have any of four positions in an option on a futures contract: (1) long a call option, (2) long a put option, (3) short a call option, and (4) short a put option.

## Aggregation

Report as a single position all options on futures contracts with the same contract code, strike price, and expiration date. Options on futures positions must be reported separately if they have different expiration dates.

### **Column 1: Contract Code**

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

### **Column 2: Notional Amount**

Report the notional principal amount of the option position in Column 2.

### **Column 3: Maturity or Fees**

Report the expiration date of the option position in Column 3 in YYMM format.

### **Column 4: Price/Rate #1**

Report the strike price of the option position in Column 4.

### **Column 5: Price/Rate #2**

Leave Column 5 blank.

### **Examples:**

**Positions 1 and 2:** The institution is long 10 put options on Eurodollar futures (\$1 million notional principal value per option contract) at a strike price of 93.00 expiring in March 1995 and 15 put options on Eurodollar futures contracts, also at a strike price of 93.00, expiring in June 1995.

**Position 3:** The institution is short 50 call options on Treasury bond futures contracts (\$100,000 notional principal value per contract) at a strike price of 102.00 expiring in March 1996.

The positions would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	9040	10 000	9503	93.00	
Position 2	9040	15 000	9506	93.00	
Position 3	9060	5 000	9603	102.00	

## Construction Loans in Process

Construction loans in process (construction LIP) are construction loans on which the institution has closed but has not yet disbursed the entire proceeds.

Report construction LIP for which an interest rate **has been specified**. Include fixed-rate loans and all adjustable-rate loans that reprice less often than monthly. **Agreements wherein the rate is determined at the time the funds are disbursed should not be reported on Schedule CMR.**



If the agreement contains a commitment to provide a mortgage loan upon completion of the construction, report the mortgage commitment as an optional or firm (as appropriate) commitment to originate a mortgage in the corresponding sections, above.

## Aggregation

Report fixed-rate construction LIP separately from adjustable-rate construction LIP.

### **Column 1: Contract Code**

Enter the contract code for the position in column 1. Refer to Appendix B for the list of codes.

### **Column 2: Notional Amount**

Report in Column 2 the amount of undisbursed funds (*i.e.*, that portion of the commitments that have not been drawn down).

### **Column 3: Maturity or Fees**

For fixed-rate loans report an estimate of the weighted average term to maturity in terms of months in this column. The term to maturity for each loan should represent the time until the principal is expected to be repaid. Therefore, it will include an estimate of the time until the funds are to be disbursed plus the expected term of the loan. For example, construction LIP that consists of a 1-year loan in which the funds are expected to be disbursed in 3 months would have a term to maturity of 15 months.

For adjustable-rate loans use the number of months until the first scheduled repricing to calculate the WARM.

### **Column 4: Price/Rate #1**

Report the weighted average interest rate on the loans in Column 4. Refer to the calculation of the WAC in the General Instructions to Schedule CMR.

### **Column 5: Price/Rate #2**

Leave Column 5 blank.

### **Example:**

**Position 1:** The institution has two fixed-rate construction loan commitments outstanding. On the first commitment, a \$1 million loan with a 1-year term is expected to be disbursed in approximately 4 months (for a term to maturity of 16 months) at an interest rate of 10%. On the second, a \$2 million loan with an 18-month term is expected to be disbursed in approximately 2 months (for a term to maturity of 20 months) at an interest rate of 11%.

The position would be reported as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	9502	3 000	19	10.67	

## V. REPORTING OF MARKET VALUE ESTIMATES

To calculate the market value of some of the financial instruments held by savings associations, more information is needed than can be collected on Schedule CMR. This section of Schedule CMR collects institutions' own estimates of the market values of certain instruments in each of the nine interest rate scenarios shown in the Interest Rate Risk Exposure Report that OTS produces each quarter. OTS will combine the estimates reported by institutions with the market value estimates calculated by the OTS Net Portfolio Value Model to evaluate institutions' exposure to interest rate changes.

Reporting of market value estimates is **required** for institutions with certain:

1. off-balance-sheet contracts that cannot be identified by a contract code (e.g., CMO swaps) (see instructions for CMR911-CMR919, below);
2. mortgage-derivative securities (see instructions for CMR921-CMR929, below) (Institutions that are not required to report market value estimates for their mortgage-derivative securities may do so at their option.); and
3. structured securities (see instructions for CMR961-CMR969, below) (Institutions that report structured securities in CMR485, must report market value estimates for those securities.) (Common types of structured securities include step-up bonds, index-amortizing notes, dual index notes, de-leveraged bonds, range bonds, and inverse floaters.).

Reporting of market value estimates is **optional** for the following types of assets and liabilities and off-balance-sheet contracts:

1. liabilities containing certain options, such as callable bonds, redeemable preferred stock, variable-rate liabilities with interest-rate caps or floors, CDs with market-related prepayment penalties (see instructions for CMR941-CMR949, below);
2. collateralized mortgage securities issued by the reporting institution (see instructions for CMR951-CMR959); and
3. off-balance-sheet contracts in excess of the 16 positions that may be reported on CMR800 through CMR880 (see instructions for CMR911 through CMR919, below).

Institutions that elect to report their own estimates for a given type of instrument should do so consistently across quarters. Institutions that choose not to report market value estimates should leave the cells blank.

### Reporting Guidelines

When estimating the market values to be reported in this section, institutions should use the same methodology they use in their TB 13 analyses. That is, first, they should calculate the base case market value of each instrument in the current interest rate environment. Then, they should calculate market value estimates in the eight shocked interest rate scenarios (*i.e.*, the plus and minus 100, 200, 300, and 400 basis point shocks described in TB 13) by assuming parallel shifts in the term structure of interest rates. In periods of low interest rates, it is possible that the simulation of the -400 or -300 interest rate scenarios could result in negative interest rates. To avoid this possibility, institutions should set a floor of 10 basis points for all interest rates when performing their own simulations.

Assumptions used in the calculations must be reasonable and consistent with the analysis performed by the institution to satisfy TB 13 or, in the case of mortgage-derivative securities, TB 52. Prepayment assumptions should be reasonably related to market consensus in the current interest rate scenario and,

in the eight shocked scenarios, should reflect likely changes that would occur in prepayment rates under each interest rate shock. If the valuation is performed by estimating the present value of future cash flows, both the discount rates and expected future cash flows should reflect the current yield curve of that or similar instruments in the current rate scenario and, in the shocked scenarios, should reflect likely changes that would occur under each shock.

**CMR911 Through CMR919:      *Market Value Estimates of Off-Balance-Sheet Contracts***

Report an estimate of the market value of off-balance-sheet (OBS) contracts according to the instructions for case 1 or 2 below.

**Case 1:** The institution holds OBS contract(s) for which contract codes are **not** listed in the instructions. In such instances, report market value estimates for those contracts, in each of the nine interest rate scenarios listed, on CMR911 through CMR919.

**Case 2:** The reporting institution has more than 16 OBS contract positions **and** has chosen to provide its own market value estimates of the additional positions instead of reporting them in the section for optional supplemental reporting for off-balance-sheet positions (see "Reporting More Than 16 OBS Positions" in Section IV of the Schedule CMR Instructions). In such instances, the institution **must** report the estimated market value of the additional positions, in each of the nine interest rate scenarios listed, on CMR911 through CMR919.

Institutions may also include in this section estimates of the market value of loan servicing rights **other than** single-family first mortgages (e.g., servicing of commercial real estate, second mortgages, home equity loans, auto loans, credit cards, etc.).

Assumptions used in calculating market value estimates should be reasonable.

**CMR921 Through CMR929:      *Market Value Estimates of Mortgage Derivative Securities***

**Reporting Information:** Certain institutions must report the estimated aggregate market value of mortgage-derivative securities in each of the nine interest rate scenarios. This is in addition to the general requirement that institutions report the recorded investment of these securities on CMR351 through CMR376 (as described in "Mortgage-Derivative Securities," in Section II, Assets).

Institutions meeting **any** of the three conditions below are **required** to report estimated market values of their entire portfolio of mortgage-derivative securities:

1. assets exceeding \$500 million; or
2. high-risk mortgage-derivative securities (as described in "Mortgage-Derivative Securities," in Section II, Assets) acquired after December 31, 1988; or
3. recorded investment of the portfolio of mortgage-derivatives exceeding 5 percent of total assets.

Institutions meeting any of these three conditions should report the market value of all CMOs, residuals, stripped MBS, and CMO swaps under the nine interest rate scenarios in CMR921 through CMR929. **In valuing floating-rate CMOs, which are reported on CMR351 and CMR352, institutions should use a methodology that (1) values the cap and floor of the floater and (2) discounts cash flows using the zero coupon Treasury curve and a spread to the curve. Institutions may obtain a detailed description of a methodology that incorporates these two requirements by calling the OTS**

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**PubliFax service at (202) 906-5660. Follow the instructions for the service and request document 36540, CMO Floater Pricing Methodology.**

Institutions not required to report estimated market values may do so at their option, but must include market values for all mortgage derivatives whose recorded investments are reported in CMR351 through CMR376.

**Use of Information:** When calculating an institution's Interest Rate Risk Report, the OTS Model will use market value estimates of mortgage derivatives for institutions that report them. For institutions that have such derivatives but do not report market value estimates, the OTS Model will estimate market values using values of similar instruments as proxies.

### **CMR941 Through CMR950: Market Value Estimates of Options on Liabilities**

**Reporting Information:** Institutions that have issued liabilities with contractually stated options should report information about these instruments according to the following instructions.

**Include:**

1. callable bonds,
2. redeemable preferred stock,
3. variable-rate liabilities with embedded floors or caps, and
4. fixed-rate, fixed-maturity deposits with early withdrawal penalties that are not stated in months of forgone interest (*i.e.*, deposits not reported in CMR653 through CMR655).

**Do not include:**

1. nonmaturity deposits, and
2. fixed-rate, fixed-maturity deposits with early withdrawal penalties that are stated in months of forgone interest (*i.e.*, deposits that are reported in CMR653 through CMR655).

Information about options on liabilities is reported in three places — the first is mandatory, the last two are optional:

1. Report information about liabilities with options in the sections of Schedule CMR appropriate to each type of instrument.
2. At the option of the reporting institution, it may report its estimate of the incremental value of the options on liabilities, in each of the nine interest rate scenarios listed, in CMR941 through CMR949. The incremental value of the options is defined as the difference between the value of liabilities with options and the value of liabilities without such embedded options. For example, floors (caps) would be reported with positive (negative) values or zero.
3. If the reporting institution chooses to report its estimates of the market value of options on liabilities (*i.e.*, option 2 above), it should also report, in CMR950, the principal value of the liabilities in which those options are embedded. Otherwise, leave CMR950 blank.

**Example:** An institution has issued variable-rate liabilities with floors; it should report them on CMR721 through CMR748. Optionally, the institution **may** report the market value of the floors on CMR941 through CMR949. If this option is chosen, the institution must report the principal value of the underlying liabilities in CMR950.

**Use of Information:** The OTS Net Portfolio Value Model will estimate the value of liabilities containing options in the same way that it values similar liabilities that do not contain options. OTS will

**not** estimate the value of such embedded **options** because of the considerable additional information that would be required to do so. Rather than attempt to collect such information, estimating the incremental value of the option is being left to the reporting institution. For institutions that opt not to report the estimated value of the options on liabilities, the results of the OTS Model will include only the value of the underlying liabilities and not the value of the options.

**CMR951 Through CMR959:      *Market Value Estimates of Collateralized Mortgage Securities Issued***

**Reporting Information:** Report only those collateralized mortgage securities issued that are not recorded as sales in accordance with GAAP as principally prescribed by FAS No. 77, "Reporting by Transferors for Transfers of Receivables with Recourse" and FASB Technical Bulletin 85-2, "Accounting for Collateralized Mortgage Obligations (CMOs)." Information on collateralized mortgage securities issued is reported in two places: one is mandatory, the other is optional.

1. Report the book value of CMOs and other collateralized mortgage securities issued in CMR785. Balances reported on CMR785 should not be reported on CMR675 through CMR705, CMR723, CMR730, CMR737, or CMR744.
2. At the option of the reporting institution, it may report its estimate of the value of the collateralized mortgage securities issued, in each of nine interest rate scenarios listed, on CMR951 through CMR959.

**CMR961 Through CMR969:      *Market Value Estimates of Structured Securities***

**Reporting Information:** Institutions that own structured securities must report the estimated aggregate market value of those securities in each of the nine interest rate scenarios. This is in addition to the requirement that they report the outstanding balance of these securities on CMR485 (as described in "Outstanding Balance of Structured Securities," Section II, Assets).

**Use of Information:** When producing an institution's Interest Rate Risk Exposure Report, the OTS Model will include in NPV the market value estimates of these securities as reported by the institution in CMR961 through CMR969.

## VI. OPTIONAL SUPPLEMENTAL REPORTING FOR ASSETS/LIABILITIES

### Introduction

In this section, institutions may report selected assets and liabilities at a more disaggregate level than is reported in the Assets and Liabilities sections of Schedule CMR. For example, an institution with adjustable-rate second mortgage loans tied to different indices, may report the balances tied to each rate index separately. The interest rate risk exposure estimates of institutions that choose to report on the Supplemental Reporting form will be derived using this detailed information, instead of the more aggregated data reported for those assets and liabilities in the other sections. This should result in more accurate market value estimates for the instruments reported on the supplemental form.

Supplemental reporting is available for the following:

### Assets

1. certain types of loans,
2. mortgage-related mutual funds,
3. "other" investment securities of the types reported on CMR479.

### Liabilities

1. variable-rate, fixed-maturity liabilities.

Supplemental reporting is also available for off-balance-sheet positions, as described in Section VII.

Each line on the supplemental reporting form for assets and liabilities consists of a balance with a given asset or liability code, a rate index code, and information describing those balances (*e.g.*, margin, coupon, remaining maturity, etc.). All lines used to report supplemental information should be numbered sequentially, with the first line on the form receiving the number 1 in the column titled "Entry #." All other entries are described in detail below. If there are insufficient lines on the Supplemental Reporting page to report the different combinations of instrument and index codes, use as many continuation pages as necessary.

Institutions that report information for assets or liabilities on the Supplemental Reporting form **must also** include those items in the information reported in the Assets and Liabilities sections of Schedule CMR. If reporting errors are encountered in the information reported in the Supplemental Reporting section, the aggregate data from the Assets and Liabilities sections will be used to derive institutions' interest rate risk exposure estimates instead.

## Optional Supplemental Reporting of Assets

Three broad classes of assets may be reported on the Optional Supplemental Reporting form:

1. the following types of loans:
  - adjustable- and fixed-rate multifamily and nonresidential mortgage loans and securities,
  - adjustable-rate construction and land loans,
  - adjustable-rate second mortgages,
  - adjustable-rate commercial loans,
  - adjustable- and fixed-rate consumer loans;
2. investments in mortgage-related mutual funds;
3. investments in securities of the types reported on CMR479 (e.g., municipal securities, mortgage-backed bonds, corporate securities, commercial paper).

In addition to a column for the entry number, there are nine input columns on the Optional Supplemental Reporting form. All nine columns are not always used, depending on the asset being reported. The reporting for each column is described below for each of the three classes of assets.

### Loans

#### **Column 1: Asset Code**

Loans for which supplemental reporting is permitted are listed in Appendix C by Schedule CMR cell number. For each CMR cell number, one or more codes may be used to represent types of loans in that cell. For example, CMR335 and CMR336, Adjustable-rate and Fixed-rate Consumer Loans, respectively, may each be disaggregated into seven asset codes that correspond to different types of consumer loans. (For example, auto loans can be reported by entering asset code 183 in column 1 of the first line; education loans by entering asset code 182 the next line; etc.) Other CMR cell numbers (construction and land loans, second mortgages, and commercial loans) have only one code each. For those assets, balances cannot be disaggregated further by loan type, only by index code (see description of column 2 below).

#### **Column 2: Rate Index Code**

From the list of Interest Rate Index Codes in Appendix A, report the code representing the index to which the interest rate of the reported loan is tied. For example, adjustable-rate auto loans tied to the prime rate could be reported with an asset code of 183 in column 1 and an index code of 830 in column 2, while auto loans tied to the 1-year Treasury rate could be reported on a separate line with an asset code of 183 and an index code of 312.

#### **Column 3: Balance**

Report the outstanding balance of the loan in column 3.

Balances reported for asset codes within a given CMR cell number must sum to the balance reported in that cell in the Assets sections of Schedule CMR. For example, balances reported on the Supplemental Reporting form with asset codes 180 through 189 (i.e., various types of consumer loans), and index codes designating adjustable-rate loans, must sum to the balance reported for total adjustable-rate consumer loans in CMR335. Likewise, the balances with asset codes 180 through 189 and an index code designating fixed-rate loans, must sum to CMR336, total fixed-rate consumer loans.

#### **Column 4: Margin/WAC**

If the entry represents an adjustable-rate loan, report the weighted average margin, in basis points, in column 4. If it is a fixed-rate loan, report the weighted average coupon (WAC), **in basis points**, in column 4. (Note that this differs from treatment in the Assets section of Schedule CMR, where the WAC is reported in percentage points.) Report the **net** margin or the **pass-through rate** for adjustable-rate

and fixed-rate securities, respectively. Calculation of the weighted average margin and the weighted average coupon are described in Section I, the General Instructions to Schedule CMR.

**Column 5: Rate Reset Frequency**

If the loan being reported is adjustable-rate, report the weighted average frequency with which the coupon rate resets, in months, in column 5. The weighted average frequency of the coupon reset should be calculated in the same manner as the weighted average remaining maturity, as described in the General Instructions to Schedule CMR, but instead of months to maturity, use months between coupon reset dates. If the loan is fixed-rate, leave column 5 blank.

**Column 6: Months to Full Amortization**

Leave this column blank for all assets except multifamily and nonresidential balloon mortgage loans and securities (asset codes 100, 105, 106, 107, 108, and 109). For those assets, report the weighted average number of months remaining until the balloon mortgage would be fully amortized. Calculate this item in the same manner as described for weighted average remaining maturity, in the General Instructions to Schedule CMR, but instead of months to maturity, use months to full amortization.

**Column 7: Remaining Maturity**

Report the weighted average remaining maturity (WARM), in months, in column 7. The WARM should be calculated as described in the General Instructions to Schedule CMR. For balloon mortgages, use the number of months until payment of the balloon in this calculation.

**Column 8: Distance to Lifetime Cap**

This column is used only for adjustable-rate multifamily and nonresidential mortgage loans and securities (asset codes 100 through 119). For all other types of loans, leave it blank.

For each asset code, calculate the difference between the weighted average coupon (WAC) and the weighted average lifetime cap for the loans or securities in that category. Report the result in column 8, in basis points. For example, for a WAC of 10 percent and a cap of 12 percent, report a value of 200 basis points. The WAC is calculated as described in the General Instructions to Schedule CMR, and the weighted average lifetime cap is calculated analogously. For loans and securities that have no lifetime caps, report 9999 in this column.

**Column 9: Distance to Lifetime Floor**

This column is used only for adjustable-rate multifamily and nonresidential mortgage loans and securities (asset codes 100 through 119). For all other types of loans, leave it blank.

For each asset code, calculate the difference between the current weighted average coupon (WAC) and the weighted average lifetime floor for the loans in that category. Report the result in column 9, in basis points. For example, for a WAC of 10 percent and a floor of 8 percent, report a value of 200 basis points. For loans and securities that have no lifetime floor, report 9999 in this column.

## Mortgage-Related Mutual Funds

Mortgage-related mutual funds are defined as those with any investments in mortgage pools, mortgage securities, mortgage-derivative securities, mortgage servicing rights, or other mortgage-related instruments. In addition to reporting investments in such mortgage-related mutual funds in CMR584, institutions may report more detail about the asset holdings of such funds using the method described below.

Reporting this additional information will improve the accuracy of the interest rate risk estimate that OTS will produce. In the interest of conservatism, the OTS Model assumes that the market value of mortgage-related mutual funds reported in CMR584 consists entirely of fixed-rate MBS. If information about the



composition of mutual fund assets is provided under this optional reporting method, assumptions will be made in the model that will better reflect the true interest rate sensitivity of those mutual funds.

To report optional information about the composition of mortgage-related mutual funds in which it has investments, an institution should (1) determine its pro rata share of the current market value (*i.e.*, net asset value) of each mutual fund in which it has investments and (2) distribute the market value of its share of each mutual fund into the asset categories shown in Appendix C (in the section that applies to CMR584). In addition to the entry number column, information is reported in two columns: Asset Code and Balance.

**Column 1: Asset Code**

Asset codes that may be used to report supplemental information about mortgage-related mutual funds are listed in Appendix C in the section that applies to CMR584. Report those asset categories in which the institution's mutual funds have investments.

**Column 3: Balance**

Report the institution's pro rata share of the current market value of each reported asset category. The total market value of all mortgage-related mutual fund asset categories reported on the Optional Supplemental Reporting form must equal the amount reported on CMR584.

**Example:** An institution has invested in a single mortgage-related mutual fund. The fund's net asset value as of the reporting date is \$100 million and the institution's shares in the fund are worth \$1 million. The mutual fund's asset portfolio consists of \$50 million of fixed-rate MBS, \$45 million of adjustable-rate MBS, and \$5 million of Treasury securities. The institution would report its pro rata share in these three types of assets in the following manner on the Optional Supplemental Reporting for Assets/Liabilities section of Schedule CMR:

[1] Asset Code	[2] Rate Index Code	[3] Balance \$000	[4]	[5]	[6]	[7]	[8]	[9]
160		500	Columns [4] through [9] should be left blank					
162		450						
179		50						

Note that the entries sum to the \$1 million reported by the institution in CMR584.

## Other Investment Securities

In this section, additional information can be provided on the securities reported in CMR479. Three different types of instruments may be distinguished using the codes listed in Appendix C: fixed-coupon, floating-rate, and inverse floating-rate securities.

**Column 1: Asset Code**

Asset codes that are used to report supplemental information about other investment securities are listed in Appendix C in the section that applies to CMR479.

**Column 2: Rate Index Code**

From the list of Interest Rate Index Codes in Appendix A, report the code representing the index to which the interest rate of the reported security is tied (or code 900 if the security is fixed-coupon).

**Column 3: Balance**

For each reported asset category, report the outstanding balance of all securities of that type reported in CMR479. The total outstanding balance reported on the Optional Supplemental Reporting section with asset codes 120 through 124 **must equal** the amount reported on CMR479.

**Column 4: Margin/WAC**

If the entry represents a floating-rate security, report the margin, in basis points, in column 4. If it is a fixed-coupon security, report the coupon, **in basis points**, in column 4. (Note that this differs from treatment in the Assets section of Schedule CMR, where the coupon is reported in percentage points.)

**Column 5: Rate Reset Frequency**

If the balance reported in column 3 is floating-rate or inverse floating-rate, report the frequency with which the coupon rate resets, in months, in column 5. If the balance reported in column 3 is fixed-coupon, leave column 5 blank.

**Column 7: Remaining Maturity**

Report the remaining maturity, in months, in column 7.

**Column 8:**

This column is used only for reporting the benchmark rate (in basis points) of inverse floating-rate securities. For example, if the coupon of such a security is derived using the formula 17.5 minus 6-month LIBOR, the benchmark rate is 17.5, and should be reported as 1750 basis points in column 8.

For all other types of securities, leave this column blank.

**Column 9:**

Leave this column blank.

## Optional Supplemental Reporting of Liabilities

Institutions have the option to report variable-rate, fixed-maturity (VRFM) liabilities in disaggregated form on the Optional Supplemental Reporting Form.

**Include** liabilities of the following types that have contractually stated maturities and indexed rates:

1. certificates of deposit,
2. FHLB advances,
3. commercial bank loans,
4. reverse repurchase agreements,
5. retail repurchase agreements,
6. commercial paper issued,
7. subordinated debt,
8. redeemable preferred stock,
9. all other borrowings.

**Do not include** mortgage collateralized securities; report these on CMR785.

## General Instructions:

If an institution chooses to use the Optional Supplemental Reporting Form, it should report information about its VRFM liabilities as follows:

1. Report the required information for the aggregate of all VRFM liabilities on CMR744-CMR748 according to the instructions for those cells. This aggregated information would serve as a check on the disaggregated data reported on the Optional Supplemental Reporting Form.
2. Assign liability and index codes to each VRFM liability issued by the institution, using the lists of codes in the table below and Appendix A, respectively. For example, each variable-rate FHLB advance indexed to the Fed Funds rate would have the liability code 220 (*i.e.*, the code for FHLB advances) and the index code 800 (*i.e.*, the code that shows that the interest rate on the advances is indexed to the Fed Funds rate).
3. Each VRFM liability issued by the institution is reported either (A) individually or (B) aggregated with similar liabilities. Option A produces a very accurate valuation, but it might require the reporting of a large amount of data; option B produces somewhat less accurate valuations, but it requires the reporting of a smaller amount of data.
4. If option A is chosen, supply the required information (*i.e.*, liability code, index code, balance, margin, rate reset frequency, months to reset, and remaining maturity), for each VRFM liability issued that is reported individually. For example, each FHLB advance described in the example above would be reported (listed) individually.
5. If option B is chosen, VRFM liabilities are reported on the Optional Supplemental Reporting Form aggregated by liability and index code. Thus, all VRFM liabilities that have the same liability and index code would be reported aggregated as a single "position." For example, if option B is chosen, all FHLB advances described in the preceding example would be reported together as a single position regardless of differences in margin, rate reset frequency, months to next reset, or remaining maturity.

## Entry Number

Number all lines used to report supplemental information, starting with the number 1.

### Column 1: Liability Code

The liability code is a 3-digit code that denotes the type of VRFM liability reported. The codes are included in the table below.

**Table: Liability Codes**

Liability Codes for Positions 1 through 3	Liability Type
200	Certificates of deposit
220	FHLB advances
299	Other

**Column 2: Rate Index Code**

The index code is a 3-digit code that describes the index of the VRFM liability reported. The codes can be found in the List of Interest Rate Index Codes (see Appendix A).

**Column 3: Balance**

If option A is chosen, report the outstanding balance of each **individual** VRFM liability. If option B is chosen, report the **total** outstanding balance of that **position**. In either case, do not report the carrying values.

**Column 4: Margin in b.p.**

The margin of a variable rate liability is the amount that is added to the index rate to derive the coupon rate. If option A is chosen, report the margin, in basis points, of each **individual** VRFM liability.

If option B is chosen, report the weighted average margin for each **position** as described in the General Instructions to Schedule CMR.

**Column 5: Rate Reset Frequency**

If option A is chosen, report the index rate reset frequency, in months, of each **individual** VRFM liability.

If option B is chosen, calculate the weighted average rate reset frequency for each **position** by multiplying the reset frequency of each liability (expressed in months) by the ratio of that liability's balance to the position's total balance. Calculate the weighted average rate reset frequency for each position as described in the General Instructions to Schedule CMR.

**Column 6: Months to Next Reset**

If option A is chosen, report the number of months until the next index rate reset for each **individual** VRFM liability.

If option B is chosen, calculate the weighted average months to next reset for each **position** by multiplying the number of months until next reset for each liability by the ratio of that liability's balance to the position's total balance. Calculate the weighted average months to next reset for each position as described in the General Instructions to Schedule CMR (round the weighted average months to next reset to the nearest month).

**Column 7: Remaining Maturity**

If option A is chosen, report the remaining maturity, in months, of each **individual** VRFM liability.

If option B is chosen, calculate the WARM for each **position** by multiplying the remaining maturity of each liability (expressed in months) by the ratio of that liability's balance to the position's total balance. Calculate the weighted average remaining term for each position as described in the General Instructions to Schedule CMR.

**Column 8:**

Leave this column blank for all VRFM liabilities.

**Column 9:**

Leave this column blank for all VRFM liabilities.

## **VII. OPTIONAL SUPPLEMENTAL REPORTING FOR OFF-BALANCE-SHEET POSITIONS**

In this section, institutions may report supplemental information about off-balance-sheet contracts. As described in "Reporting More Than 16 OBS Positions" (in Section IV, Off-Balance-Sheet Contracts), if the reporting institution has more than 16 off-balance-sheet positions, it may report those positions in the same manner as it reported the initial 16 positions on the continuation page entitled "Optional Supplemental Reporting for Off-Balance-Sheet Positions."

To report positions using supplemental pages, number the positions sequentially in the column entitled "Entry #", beginning with the number 1 for the first position reported on the first supplemental page. The same instructions (*i.e.*, Section IV, Off-Balance-Sheet Contracts) used to report the initial 16 positions apply. Use as many continuation pages as necessary to report the remaining positions.

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**APPENDIX A - LIST OF INTEREST RATE INDEX CODES**

<b>Code</b>	<b>Index</b>
303	3-month Treasury security
306	6-month Treasury security
312	1-year Constant Maturity Treasury
324	2-year Constant Maturity Treasury
336	3-year Constant Maturity Treasury
360	5-year Constant Maturity Treasury
370	7-year Constant Maturity Treasury
380	10-year Constant Maturity Treasury
401	1-month London Interbank Offered Rate (LIBOR)
403	3-month London Interbank Offered Rate (LIBOR)
406	6-month London Interbank Offered Rate (LIBOR)
412	1-year London Interbank Offered Rate (LIBOR)
503	3-month FHLB advance rate
506	6-month FHLB advance rate
512	1-year FHLB advance rate
524	2-year FHLB advance rate
536	3-year FHLB advance rate
548	4-year FHLB advance rate
560	5-year FHLB advance rate
603	3-month fixed-rate CD rate
606	6-month fixed-rate CD rate
612	1-year fixed-rate CD rate
660	5-year fixed-rate CD rate
710	FHLMC/FNMA 30-year, fixed-rate mortgage commitment rate
720	National Average Contract Rate for the Purchase of Previously Occupied Homes
800	Federal funds rate
811	11th District FHLB Cost-of-Funds Index (COFI)
812	Lender's own Cost-of-Funds
820	Federal Cost-of-Funds Index
830	Prime rate
900	Fixed-rate
910	Rate adjusted at lender's discretion
911	Any other index



## APPENDIX B - LIST OF CONTRACT CODES FOR OBS CONTRACTS

The following list of codes are to be used to report OBS contracts.

### Contract Codes for Optional Commitments to Originate Mortgages

1002	1-month COFI ARMs
1004	6-month or 1-year COFI ARMs
1006	6-month or 1-year Treasury or LIBOR ARMs
1008	3-year or 5-year Treasury ARMs
1010	5-year or 7-year Balloon or 2-step mortgages
1012	10-year, 15-year, or 20-year FRMs
1014	25-year or 30-year FRMs
1016	all other mortgages

### Contract Codes for Firm Commitments to Purchase, Sell, or Originate Mortgages

#### Firm Commitments to Purchase or Sell Mortgage Loans (Servicing Retained)

If the commitment is transacted on a "servicing retained" basis (*i.e.*, the seller will continue to be responsible for servicing the loans following the sale) use the following contract codes. (Note that most commitments to purchase or sell mortgages, including mandatory forward sales are transacted on a "servicing retained" basis, not on a "servicing released" basis.)

2002	purchase 1-month COFI ARM loans, servicing retained
2004	purchase 6-month or 1-year COFI ARM loans, servicing retained
2006	purchase 6-month or 1-year Treasury or LIBOR ARM loans, servicing retained
2008	purchase 3-year or 5-year Treasury ARM loans, servicing retained
2010	purchase 5-year or 7-year Balloon or 2-step mortgage loans, servicing retained
2012	purchase 10-year, 15-year, or 20-year FRM loans, servicing retained
2014	purchase 25-year or 30-year FRM loans, servicing retained
2016	purchase all other mortgage loans, servicing retained
2022	sell 1-month COFI ARM loans, servicing retained
2024	sell 6-month or 1-year COFI ARM loans, servicing retained
2026	sell 6-month or 1-year Treasury or LIBOR ARM loans, servicing retained
2028	sell 3-year or 5-year Treasury ARM loans, servicing retained
2030	sell 5-year or 7-year Balloon or 2-step mortgage loans, servicing retained
2032	sell 10-year, 15-year, or 20-year FRM loans, servicing retained
2034	sell 25-year or 30-year FRM loans, servicing retained
2036	sell all other mortgage loans, servicing retained

#### Firm Commitments to Purchase or Sell Mortgage Loans (Servicing Released)

If the commitment is transacted on a "servicing released" basis (*i.e.*, the purchaser will become responsible for servicing the loans) use the following contract codes:

2102	purchase 1-month COFI ARM loans, servicing released
2104	purchase 6-month or 1-year COFI ARM loans, servicing released
2106	purchase 6-month or 1-year Treasury or LIBOR ARM loans, servicing released



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2108	purchase 3-year or 5-year Treasury ARM loans, servicing released
2110	purchase 5-year or 7-year Balloon or 2-Step mortgage loans, servicing released
2112	purchase 10-year, 15-year, or 20-year FRM loans, servicing released
2114	purchase 25-year or 30-year FRM loans, servicing released
2116	purchase all other mortgage loans, servicing released
2122	sell 1-month COFI ARM loans, servicing released
2124	sell 6-month or 1-year COFI ARM loans, servicing released
2126	sell 6-month or 1-year Treasury or LIBOR ARM loans, servicing released
2128	sell 3-year or 5-year Treasury ARM loans, servicing released
2130	sell 5-year or 7-year Balloon or 2-Step mortgage loans, servicing released
2132	sell 10-year, 15-year, or 20-year FRM loans, servicing released
2134	sell 25-year or 30-year FRM loans, servicing released
2136	sell all other mortgage loans, servicing released

### **Firm Commitments to Purchase or Sell MBS**

2042	purchase 1-month COFI ARM MBS
2044	purchase 6-month or 1-year COFI ARM MBS
2046	purchase 6-month or 1-year Treasury or LIBOR ARM MBS
2048	purchase 3-year or 5-year Treasury ARM MBS
2050	purchase 5-year or 7-year Balloon or 2-step MBS
2052	purchase 10-year, 15-year, or 20-year FRM MBS
2054	purchase 25-year or 30-year FRM MBS
2056	purchase all other MBS
2062	sell 1-month COFI ARM MBS
2064	sell 6-month or 1-year COFI ARM MBS
2066	sell 6-month or 1-year Treasury or LIBOR ARM MBS
2068	sell 3-year or 5-year Treasury ARM MBS
2070	sell 5-year or 7-year Balloon or 2-step MBS
2072	sell 10-year, 15-year, or 20-year FRM MBS
2074	sell 25-year or 30-year FRM MBS
2076	sell all other MBS

### **Firm Commitments to Originate Mortgage Loans**

2202	originate 1-month COFI ARM loans
2204	originate 6-month or 1-year COFI ARM loans
2206	originate 6-month or 1-year Treasury or LIBOR ARM loans
2208	originate 3-year or 5-year Treasury ARM loans
2210	originate 5-year or 7-year Balloon or 2-Step mortgage loans
2212	originate 10-year, 15-year, or 20-year FRM loans
2214	originate 25-year or 30-year FRM loans
2216	originate all other mortgage loans

### **Firm Commitments to Purchase or Sell Mortgage Derivative Products (MDPs)**

2081	purchase low-risk floating-rate MDPs
2082	purchase low-risk fixed-rate MDPs
2083	sell low-risk floating-rate MDPs
2084	sell low-risk fixed-rate MDPs
2086	purchase high-risk MDPs
2088	sell high-risk MDPs

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## **Contract Codes for Optional Commitments to Purchase or Sell Mortgages and MBS**

### **Long Options to Purchase Mortgages and MBS (Long Calls)**

3002	long the option to purchase 1-month COFI ARMs
3004	long the option to purchase 6-month or 1-year COFI ARMs
3006	long the option to purchase 6-month or 1-year Treasury or LIBOR ARMs
3008	long the option to purchase 3-year or 5-year Treasury ARMs
3010	long the option to purchase 5-year or 7-year Balloon or 2-step mortgages
3012	long the option to purchase 10-year, 15-year, or 20-year FRMs
3014	long the option to purchase 25-year or 30-year FRMs
3016	long the option to purchase all other mortgages

### **Long Options to Sell Mortgages and MBS (Long Puts)**

3022	long the option to sell 1-month COFI ARMs
3024	long the option to sell 6-month or 1-year COFI ARMs
3026	long the option to sell 6-month or 1-year Treasury or LIBOR ARMs
3028	long the option to sell 3-year or 5-year Treasury ARMs
3030	long the option to sell 5-year or 7-year Balloon or 2-step mortgages
3032	long the option to sell 10-year, 15-year, or 20-year FRMs
3034	long the option to sell 25-year or 30-year FRMs
3036	long the option to sell all other mortgages

### **Short Options to Purchase Mortgages and MBS (Short Calls)**

3042	short the option to purchase 1-month COFI ARMs
3044	short the option to purchase 6-month or 1-year COFI ARMs
3046	short the option to purchase 6-month or 1-year Treasury or LIBOR ARMs
3048	short the option to purchase 3-year or 5-year Treasury ARMs
3050	short the option to purchase 5-year or 7-year Balloon or 2-step mortgages
3052	short the option to purchase 10-year, 15-year, or 20-year FRMs
3054	short the option to purchase 25-year or 30-year FRMs
3056	short the option to purchase all other mortgages

### **Short Options to Sell Mortgages and MBS (Short Puts)**

3062	short the option to sell 1-month COFI ARMs
3064	short the option to sell 6-month or 1-year COFI ARMs
3066	short the option to sell 6-month or 1-year Treasury or LIBOR ARMs
3068	short the option to sell 3-year or 5-year Treasury ARMs
3070	short the option to sell 5-year or 7-year Balloon or 2-step mortgages
3072	short the option to sell 10-year, 15-year, or 20-year FRMs
3074	short the option to sell 25-year or 30-year FRMs
3076	short the option to sell all other mortgages

## Contract Codes for Commitments to Purchase or Sell Non-Mortgage Financial Assets and Liabilities

For purposes of reporting, core deposits are defined as Transaction Accounts, Money Market Deposit Accounts, Passbook Accounts, and Noninterest-Bearing Demand Deposits.

4002	purchase or originate non-mortgage financial assets
4004	purchase core deposits
4006	purchase all other liabilities
4022	sell non-mortgage financial assets
4024	sell core deposits
4026	sell all other liabilities

## Contract Codes for Interest-Rate Swaps

The codes for swaps are divided into three groups: fixed-for-floating swaps, basis swaps, and mortgage swaps. No codes are listed for LIBOR-for-COFI basis swaps because the value of this type of swap does not change substantially when the yield curve changes in a parallel fashion. Special reporting instructions for swaptions and amortizing swaps appear below the list of codes.

CMO swaps are reported with Mortgage-Derivative Securities (see "Mortgage-Derivative Securities" in Section II, Assets).

If the institution holds a type of interest-rate swap that is not contained in this list, the contract should be reported in CMR911 through CMR919 of Schedule CMR. See "Market Value Estimates of OBS Contracts" in Section V, Reporting of Market Value Estimates, for reporting instructions.

### Fixed-for-Floating Swaps

5002	pay fixed, receive 1-month LIBOR
5004	pay fixed, receive 3-month LIBOR
5006	pay fixed, receive 6-month LIBOR
5008	pay fixed, receive COFI
5010	pay fixed, receive 3-month Treasury
5012	pay fixed, receive 1-Year Treasury
5014	pay fixed, receive 3-year Treasury
5016	pay fixed, receive 5-year Treasury
5018	pay fixed, receive 7-year Treasury
5020	pay fixed, receive 10-year Treasury
5022	pay fixed, receive the prime rate
5024	pay 1-month LIBOR, receive fixed
5026	pay 3-month LIBOR, receive fixed
5028	pay 6-month LIBOR, receive fixed
5030	pay COFI, receive fixed
5032	pay 3-month Treasury, receive fixed
5034	pay 1-Year Treasury, receive fixed
5036	pay 3-year Treasury, receive fixed
5038	pay 5-year Treasury, receive fixed
5040	pay 7-year Treasury, receive fixed
5042	pay 10-year Treasury, receive fixed
5044	pay the prime rate, receive fixed

### Basis Swaps

5052	pay COFI, receive 1-month LIBOR
5054	pay COFI, receive 3-month LIBOR

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5056	pay COFI, receive 6-month LIBOR
5058	pay COFI, receive 3-month Treasury
5060	pay 1-month LIBOR, receive 1-year Treasury
5062	pay 1-month LIBOR, receive COFI
5064	pay 3-month LIBOR, receive COFI
5066	pay 6-month LIBOR, receive COFI
5068	pay 3-month Treasury, receive COFI
5069	pay 1-year Treasury, receive 1-month LIBOR

### Mortgage Swaps

5572	pay 1-month LIBOR, receive MBS coupon
5574	pay 3-month LIBOR, receive MBS coupon
5576	pay 6-month LIBOR, receive MBS coupon
5582	pay MBS coupon, receive 1-month LIBOR
5584	pay MBS coupon, receive 3-month LIBOR
5586	pay MBS coupon, receive 6-month LIBOR

A “swaption” is an option on a swap. Swaptions are reported in the following manner: replace the first two digits of the contract codes listed above with “51” for a long position in the swaption (*i.e.*, the institution has purchased the swaption), or “52” for a short position in the swaption (*i.e.*, the institution has sold the swaption). For example, the contract code for a long swaption position where the institution would pay a fixed rate and receive 3-month LIBOR is 5104.

The OTS model only values swaptions on fixed-for-LIBOR (1-, 3-, and 6-month indices), fixed-for-COFI, and fixed-for-3-month Treasury coupons. These swaptions correspond to codes 5102 through 5110, 5124 through 5132, 5202 through 5210, and 5224 through 5232. If the institution holds a swaption that is not contained in this list, the contract should be reported in CMR911 through CMR919 of Schedule CMR. See “Market Value Estimates of OBS Contracts” in Section V, Reporting of Market Value Estimates, for reporting instructions.

An “amortizing swap” is a swap on which the notional amount amortizes over time. Amortizing swaps are reported by replacing the first two digits of the contract codes listed above with “55.” For example, the contract code for an amortizing swap where the institution pays COFI and receives 1-month LIBOR is 5552. (Because mortgage swaps are amortizing swaps, their contract codes begin with “55.”)

### Contract Codes for Interest-Rate Caps

6002	long a cap on 1-month LIBOR
6004	long a cap on 3-month LIBOR
6006	long a cap on 6-month LIBOR
6008	long a cap on the 3-month Treasury
6010	long a cap on the 1-year Treasury
6012	long a cap on the 3-year Treasury
6014	long a cap on the 5-year Treasury
6016	long a cap on the 7-year Treasury
6018	long a cap on the 10-year Treasury
6020	long a cap on COFI
6022	long a cap on the prime rate
6032	short a cap on 1-month LIBOR
6034	short a cap on 3-month LIBOR
6036	short a cap on 6-month LIBOR
6038	short a cap on the 3-month Treasury
6040	short a cap on the 1-year Treasury
6042	short a cap on the 3-year Treasury
6044	short a cap on the 5-year Treasury
6046	short a cap on the 7-year Treasury

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6048	short a cap on the 10-year Treasury
6050	short a cap on COFI
6052	short a cap on the prime rate

If the institution holds a cap on which the notional amount is amortizing (an “amortizing cap”), the contract should be reported in CMR911 through CMR919 of Schedule CMR. See “Market Value Estimates of OBS Contracts” in Section V, Reporting of Market Value Estimates, for reporting instructions.

## Contract Codes for Interest-Rate Floors

7002	long a floor on 1-month LIBOR
7004	long a floor on 3-month LIBOR
7006	long a floor on 6-month LIBOR
7008	long a floor on the 3-month Treasury
7010	long a floor on the 1-year Treasury
7012	long a floor on the 3-year Treasury
7014	long a floor on the 5-year Treasury
7016	long a floor on the 7-year Treasury
7018	long a floor on the 10-year Treasury
7020	long a floor on COFI
7022	long a floor on the prime rate
7032	short a floor on 1-month LIBOR
7034	short a floor on 3-month LIBOR
7036	short a floor on 6-month LIBOR
7038	short a floor on the 3-month Treasury
7040	short a floor on the 1-year Treasury
7042	short a floor on the 3-year Treasury
7044	short a floor on the 5-year Treasury
7046	short a floor on the 7-year Treasury
7048	short a floor on the 10-year Treasury
7050	short a floor on COFI
7052	short a floor on the prime rate

If the institution holds a floor on which the notional amount is amortizing (an “amortizing floor”), the contract should be reported in CMR911 through CMR919 of Schedule CMR. See “Market Value Estimates of OBS Contracts” in Section V, Reporting of Market Value Estimates, for reporting instructions.

## Contract Codes for Futures

8002	long 30-day interest rate
8004	long 3-month Treasury bill
8006	long 2-year Treasury note
8008	long 5-year Treasury note
8010	long 10-year Treasury note
8012	long Treasury bond
8014	long 1-month LIBOR
8016	long 3-month Eurodollar
8018	long 3-year Swap
8020	long 5-year Swap
8032	short 30-day interest rate
8034	short 3-month Treasury bill
8036	short 2-year Treasury note
8038	short 5-year Treasury note
8040	short 10-year Treasury note
8042	short Treasury bond

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8044	short 1-month LIBOR
8046	short 3-month Eurodollar
8048	short 3-year Swap
8050	short 5-year Swap

## **Contract Codes for Options on Futures**

### **Long Call Options**

9002	long call, 30-day interest rate futures
9004	long call, 3-month Treasury bill futures
9006	long call, 2-year Treasury note futures
9008	long call, 5-year Treasury note futures
9010	long call, 10-year Treasury note futures
9012	long call, Treasury bond futures
9014	long call, 1-month LIBOR futures
9016	long call, 3-month Eurodollar futures

### **Long Put Options**

9026	long put, 30-day interest rate futures
9028	long put, 3-month Treasury bill futures
9030	long put, 2-year Treasury note futures
9032	long put, 5-year Treasury note futures
9034	long put, 10-year Treasury note futures
9036	long put, Treasury bond futures
9038	long put, 1-month LIBOR futures
9040	long put, 3-month Eurodollar futures

### **Short Call Options**

9050	short call, 30-day interest rate futures
9053	short call, 3-month Treasury bill futures
9054	short call, 2-year Treasury note futures
9056	short call, 5-year Treasury note futures
9058	short call, 10-year Treasury note futures
9060	short call, Treasury bond futures
9062	short call, 1-month LIBOR futures
9064	short call, 3-month Eurodollar futures

### **Short Put Options**

9074	short put, 30-day interest rate futures
9076	short put, 3-month Treasury bill futures
9078	short put, 2-year Treasury note futures
9080	short put, 5-year Treasury note futures
9082	short put, 10-year Treasury note futures
9084	short put, Treasury bond futures
9086	short put, 1-month LIBOR futures
9088	short put, 3-month Eurodollar futures

## **Construction LIP**

9502	fixed-rate
9512	adjustable-rate



## APPENDIX C - LIST OF ASSET CODES FOR SUPPLEMENTAL REPORTING

CMR Line	Asset Type	Asset Code
<b>Multifamily and Nonresidential Mortgage Loans and Securities</b>		
<b><u>Adjustable-Rate</u></b>		
CMR261	<b>Balloon Mortgage Loans</b>	
	Coupon Within 300 bp of Lifetime Cap	100
	Coupon More Than 300 bp From Lifetime Cap	105
	With No Lifetime Cap	106
	<b>Balloon Mortgage Securities</b>	
	Coupon Within 300 bp of Lifetime Cap	107
	Coupon More Than 300 bp From Lifetime Cap	108
	With No Lifetime Cap	109
CMR262	<b>Fully Amortizing Mortgage Loans</b>	
	Coupon Within 300 bp of Lifetime Cap	110
	Coupon More Than 300 bp From Lifetime	115
	With No Lifetime Cap	116
	<b>Fully Amortizing Mortgage Securities</b>	
	Coupon Within 300 bp of Lifetime Cap	117
	Coupon More Than 300 bp From Lifetime Cap	118
	With No Lifetime Cap	119
<b><u>Fixed-Rate</u></b>		
CMR281	<b>Balloon Mortgage Loans</b>	125
	<b>Balloon Mortgage Securities</b>	126
CMR282	<b>Fully Amortizing Mortgage Loans</b>	127
	<b>Fully Amortizing Mortgage Securities</b>	128
CMR291	<b>Construction &amp; Land Loans (adjustable-rate)</b>	130
CMR311	<b>Second Mortgage (adjustable-rate)</b>	140



<b>CMR Line</b>	<b>Asset Type</b>	<b>Asset Code</b>
<b>CMR325</b>	<b>Commercial Loans (adjustable-rate)</b>	150
<b>CMR335</b> or <b>CMR336</b>	<b>Consumer Loans (fixed- or adjustable-rate):</b>	
	Loans on Deposits	180
	Unsecured Home Improvement Loans	181
	Education Loans	182
	Auto Loans and Leases	183
	Mobile Home Loans	184
	Credit Cards	185
	Other Type of Consumer Loans	189
<b>CMR584</b>	<b>Mortgage-Related Mutual Funds:</b>	
	Fixed-Rate Mortgages or MBS	160
	Adjustable-Rate Mortgages or MBS	162
	CMO or REMIC Tranches:	
	Floating-Rate	166
	Fixed-Rate WAL < 5 yrs	167
	Fixed-Rate WAL 5-10 yrs	168
	Fixed-Rate WAL > 10 yrs	169
	Superfloaters	170
	Inverse Floaters & Super POs	171
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	Floating-Rate Residuals	173
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	Principal-Only MBS	176
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<b>CMR479</b>	<b>Other Investment Securities:</b>	
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# THRIFT FINANCIAL REPORT (OTS FORM 1313)

OMB NO. 1550-0023

## PAPERWORK REDUCTION ACT STATEMENT

The Office of Thrift Supervision will use this information to supervise the savings associations and to develop regulatory policy. Collection of the information is mandatory [12 CFR Part 563.180]. The estimated average burden associated with this collection of information is 33.5 hours per response. If a valid OMB Control Number does not appear on this form, you are not required to complete this form. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Financial Reporting, Research and Analysis, Office of Thrift Supervision, 1700 G Street NW, Washington, DC 20552; and to the Office of Management and Budget, Paperwork Reduction Project (1550-0023), Washington, DC 20503.

## LIST OF FORMS

### Officers' and Directors' Certification

<u>Schedule</u>	<u>Name and Description</u>
SC	Consolidated Statement of Condition: Assets, liabilities and equity capital
SO	Consolidated Statement of Operations: Income and expense
VA	Consolidated Valuation Allowances and Related Data: Reconciliation of valuation allowances, charge-offs and recoveries and other data on troubled assets.
PD	Consolidated Past Due and Nonaccrual: Information on delinquent and/or nonaccrual loans.
CC	Consolidated Commitments and Contingencies: Information on commitments and contingencies.
CF	Consolidated Cash Flow Information: Information on mortgage, deposit, and other activity affecting cash flow during the quarter.
SI	Consolidated Supplemental Information: Information on deposits, liquidity, QTL, loans to insiders, reconciliation of equity capital, mutual fund sales and other data.
SQ	Consolidated Supplemental Questions: Questions concerning structural and other activity during the quarter.
YD	Yields on Deposits: Interest rates on deposit accounts offered during the last seven days of the quarter.
SB	Consolidated Small Business Loans: Data completed annually as of June 30 to comply with Section 122 of the FDIC Improvement Act.
CSS	Subordinate Organization Schedule: Listing of information on all subordinate organizations and joint ventures completed annually at December 31.
CCR	Consolidated Capital Requirement:

Balances necessary to compute the minimum capital requirement.

## CMR

Consolidated Maturity and Rate:

Information on interest rate and repricing/maturity characteristics of selected balance sheet and off-balance-sheet items.

Association \_\_\_\_\_

Docket \_\_\_\_\_

**Office of Thrift Supervision  
1997 Thrift Financial Report  
Officers' and Directors'  
Certification**

For the Thrift Financial Report as of \_\_\_\_\_, 1997

The Thrift Financial Report is required by OTS regulation 12 CFR 563.180 to be filed by all savings associations as defined in 12 CFR 561.43. OTS regulation 12 CFR 563.180(b) requires that no false or misleading statements or omission shall knowingly be made in financial reports filed with OTS. This certification is required under 12 U.S.C. 1817(a) (3).

The Statements of Condition and Operations (including all supporting schedules) must be signed by an authorized officer of the reporting savings association. The Statements of Condition and Operations are to be prepared in accordance with Office of Thrift Supervision instructions.

This certification form must be retained in the file of the reporting savings association and be available for inspection by OTS.

I, \_\_\_\_\_ of the  
Name and Title of Officer Authorized to Sign Report

named savings association do hereby declare that these Statements of Condition and Operations (including the supporting schedules) have been prepared in conformance with the instructions issued by the Office of Thrift Supervision and are true to the best of my knowledge and belief.

We the undersigned directors, attest to the correctness of this Statement of Condition (including the supporting schedules) and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Office of Thrift Supervision and is true and correct.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Signature of Officer Authorized to Sign Report

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Director

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Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SC — Consolidated Statement of Condition**

**ASSETS**

(Report in Thousands of Dollars)

	Line	Bil	Mil	Thou
<b>Cash, Deposits and Investment Securities:</b>	<b>SC10</b>			
<b>Total.....</b>	<b>SC110</b>			
Cash and Noninterest-Earning Deposits.....	SC130			
U.S. Government and Agency Securities.....	SC140			
Equity Securities Except FHLB Stock.....	SC150			
Mortgage Derivative Securities.....	SC162			
Interest-Earning Deposits in FHLBs.....	SC166			
Other Interest-Earning Deposits.....	SC170			
Federal Funds Sold.....	SC180			
State and Municipal Obligations.....	SC185			
Other Investment Securities.....	SC190			
Accrued Interest Receivable.....	SC199			
General Valuation Allowances.....				
<b>Mortgage Pool Securities:</b>	<b>SC20</b>			
<b>Total.....</b>	<b>SC210</b>			
Insured or Guaranteed by an Agency or Instrument of the United States.....	SC215			
Other Mortgage Pool Securities.....	SC220			
Accrued Interest Receivable.....				
General Valuation Allowances.....	SC227			
<b>Mortgage Loans:</b>	<b>SC23</b>			
<b>Total.....</b>				
Construction Loans on:				
1-4 Dwelling Units.....	SC230			
5 or More Dwelling Units.....	SC235			
Nonresidential Property.....	SC240			
Permanent Mortgages on:				
1-4 Dwelling Units:				
Closed-End First Mortgages and Junior Liens.....	SC250			
Revolving, Open-End Loans.....	SC253			
5 or More Dwelling Units.....	SC256			
Nonresidential Property (Except Land).....	SC260			
Land.....	SC265			
Accrued Interest Receivable.....	SC272			
Advances for Taxes and Insurance.....	SC275			
Allowance for Loan and Lease Losses.....	SC283			

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**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SC — Consolidated Statement of Condition**

(Report in Thousands of Dollars)

	Line	Bil	Mil	Thou
<b>Nonmortgage Loans:</b>				
<b>Total</b> .....	<b>SC30</b>			
<b>Commercial Loans:</b>				
<b>Total</b> .....	<b>SC32</b>			
Secured, Other than Mortgage.....	SC300			
Unsecured .....	SC303			
Financing Leases.....	SC306			
<b>Consumer Loans:</b>				
<b>Total</b> .....	<b>SC34</b>			
<b>Closed-End:</b>				
Loans on Deposits.....	SC310			
Home Improvement Loans.....	SC316			
Education Loans.....	SC320			
Auto Loans.....	SC323			
Mobile Home Loans.....	SC326			
Other, Including Leases.....	SC330			
<b>Open-End:</b>				
Revolving Loans Secured by 1-4 Dwelling Units.....	SC340			
Credit Cards and Related Plans.....	SC345			
Accrued Interest Receivable.....	SC348			
<i>Allowance for Loan and Lease Losses</i> .....	SC357			
<b>Reposessed Assets:</b>				
<b>Total</b> .....	<b>SC40</b>			
<b>Real Estate:</b>				
Construction.....	SC405			
1-4 Dwelling Units.....	SC415			
5 or More Dwelling Units.....	SC425			
Nonresidential (Except Land).....	SC426			
Land.....	SC428			
Other Reposessed Assets.....	SC430			
<i>General Valuation Allowances</i> .....	SC441			
<b>Real Estate Held for Investment</b> .....	SC45			
Memo: <i>General Valuation Allowances</i> .....	SC481			
<b>Investment in Unconsolidated Subordinate Organizations</b> .....	SC50			
Memo: <i>General Valuation Allowances</i> .....	SC529			

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**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SC — Consolidated Statement of Condition**

(Report in Thousands of Dollars)

Line	Bil	Mil	Thou
SC55			

**Office Premises and Equipment** .....

**Other Assets:**

**Total** .....

SC58			
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Servicing Assets on:

Mortgage Loans .....

SC642			
-------	--	--	--

Nonmortgage Loans .....

SC644			
-------	--	--	--

Interest-only Strip Receivables and Certain Other Instruments .....

SC655			
-------	--	--	--

Goodwill and Other Intangible Assets .....

SC660			
-------	--	--	--

Other Assets .....

SC690			
-------	--	--	--

Memo: Detail of Other Assets

Code

Amount

SC691			SC692		
SC693			SC694		
SC697			SC698		

General Valuation Allowances .....

SC699			
-------	--	--	--

**Total Assets** .....

SC60			
------	--	--	--

**LIABILITIES**

**Deposits** .....

SC710			
-------	--	--	--

**Escrows** .....

SC783			
-------	--	--	--

**Unamortized Yield Adjustments on Deposits** .....

SC715			
-------	--	--	--

**Borrowings:**

**Total** .....

SC72			
------	--	--	--

Advances from FHLBank .....

SC720			
-------	--	--	--

Reverse Repurchase Agreements .....

SC730			
-------	--	--	--

Subordinated Debentures (Including Mandatory Convertible Securities) .....

SC735			
-------	--	--	--

Mortgage Collateralized Securities Issued:

CMOs (including REMICs) .....

SC740			
-------	--	--	--

Other .....

SC745			
-------	--	--	--

Other Borrowings .....

SC760			
-------	--	--	--

**Other Liabilities:**

**Total** .....

SC75			
------	--	--	--

Accrued Interest Payable - Deposits .....

SC763			
-------	--	--	--

Accrued Interest Payable - Other .....

SC766			
-------	--	--	--

Accrued Taxes .....

SC776			
-------	--	--	--

Accounts Payable .....

SC780			
-------	--	--	--

Deferred Income Taxes .....

SC790			
-------	--	--	--

Other Liabilities and Deferred Income .....

SC796			
-------	--	--	--

Memo: Detail of Other Liabilities

Code

Amount

SC791			SC792		
SC794			SC795		
SC797			SC798		

**Total Liabilities** .....

SC70			
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Office of Thrift Supervision

1997 Thrift Financial Report

Schedule SC — Consolidated Statement of Condition

(Report in Thousands of Dollars)

Redeemable Preferred Stock and Minority Interest .....

Line	Bil	Mil	Thou
SC799			

EQUITY CAPITAL

Perpetual Preferred Stock:

Cumulative.....

SC812			
-------	--	--	--

Noncumulative .....

SC814			
-------	--	--	--

Common Stock:

Par Value.....

SC820			
-------	--	--	--

Paid in Excess of Par .....

SC830			
-------	--	--	--

Unrealized Gains (Losses) on Available-for-Sale Securities.....

SC860			
-------	--	--	--

Retained Earnings .....

SC880			
-------	--	--	--

Other Components of Equity Capital .....

SC890			
-------	--	--	--

Total Equity Capital .....

SC80			
------	--	--	--

Total Liabilities, Redeemable Preferred Stock, Minority Interest and Equity Capital.....

SC90			
------	--	--	--



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**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SO — Consolidated Statement of Operations**

(Report in Thousands of Dollars)

		For the Quarter			
		Line	Bil	Mil	Thou
<b>Interest Income:</b>					
<b>Total.....</b>		<b>SO11</b>			
Deposits and Investment Securities.....		SO110			
Mortgage Pool Securities.....		SO120			
Mortgage Loans.....		SO140			
<b>Nonmortgage Loans:</b>					
Commercial Loans and Leases.....		SO160			
Consumer Loans and Leases.....		SO170			
Amortization of Deferred Gains (Losses) on Asset Hedges.....		SO180			
<b>Interest Expense:</b>					
<b>Total.....</b>		<b>SO21</b>			
Deposits.....		SO215			
Escrows.....		SO266			
Advances from FHLBank.....		SO230			
Subordinated Debentures (Including Mandatory Convertible Securities).....		SO240			
Mortgage Collateralized Securities Issued.....		SO250			
Other Borrowed Money.....		SO260			
<b>Other Items:</b>					
Capitalized Interest.....		SO271			
Amortization of Deferred Losses (Gains) on Liability Hedges.....		SO280			
Net Cost of Matched Interest Rate Swaps.....		SO290			
<b>Net Interest Income (Expense) Before Provision for Losses on Interest-Bearing Assets</b>		<b>SO311</b>			
<b>Net Provision for Losses on Interest-Bearing Assets.....</b>		<b>SO321</b>			
<b>Net Interest Income (Expense) After Provision for Losses on Interest-Bearing Assets</b>		<b>SO331</b>			
<b>Noninterest Income:</b>					
<b>Total.....</b>		<b>SO40</b>			
Mortgage Loan Servicing Fees.....		SO410			
Other Fees and Charges.....		SO420			
<b>Net Income (Loss) from:</b>					
Sale of Assets Held for Sale and Available-for-Sale Securities.....		SO430			
Operations and Sale of Repossessed Assets.....		SO461			
LOCOM Adjustments Made to Assets Held for Sale.....		SO465			
Sale of Securities Held-to-Maturity.....		SO467			
Sale of Loans Held for Investment.....		SO475			
Sale of Other Assets Held for Investment.....		SO477			
Trading Assets (Realized and Unrealized).....		SO485			
Other Noninterest Income.....		SO491			
<b>Memo: Detail of Other Noninterest Income</b>					
	Code				
	Amount				
SO493	0	1	SO494		
SO495			SO496		
SO497			SO498		

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**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SO — Consolidated Statement of Operations**

(Report in Thousands of Dollars)

		For the Quarter		
		Bil	Mil	Thou
	Line			
<b>Noninterest Expense:</b>	<b>Total</b>	<b>SO51</b>		
All Personnel Compensation and Expense .....		SO510		
Legal Expense .....		SO520		
Office Occupancy and Equipment Expense .....		SO530		
Marketing and Other Professional Services .....		SO540		
Loan Servicing Fees .....		SO550		
Amortization of Goodwill .....		SO560		
Net Provision for Losses on Noninterest-bearing Assets .....		SO570		
Other Noninterest Expense .....		SO580		
Memo: Detail of Other Noninterest Expense				
	Code	Amount		
	SO581		SO582	
	SO583		SO584	
	SO585		SO586	
<b>Income (Loss) Before Income Taxes</b> .....		<b>SO60</b>		
<b>Income Taxes:</b>	<b>Total</b>	<b>SO71</b>		
Federal .....		SO710		
State, Local, and Other .....		SO720		
<b>Income (Loss) Before Extraordinary Items and Effects of Accounting Changes</b> .....		<b>SO81</b>		
<b>Extraordinary Items, Net of Tax Effect, and Cumulative Effect of Changes in Accounting Principles</b> .....		SO811		
<b>NET INCOME (LOSS)</b> .....		<b>SO91</b>		

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# Office of Thrift Supervision 1997 Thrift Financial Report

## Schedule VA — Consolidated Valuation Allowances and Related Data

(Report in Thousands of Dollars)  
For the Quarter

### Valuation Allowances

	General				Specific				Total			
	Line	Bil	Mil	Thou	Line	Bil	Mil	Thou	Line	Bil	Mil	Thou
Beginning Balance .....	VA105				VA108				VA110			
<i>Add or Deduct:</i>												
Net Provision for Loss .....	VA115				VA118				VA120			
Transfers .....	VA125				VA128							
<i>Add:</i>												
Recoveries .....	VA135								VA140			
Acquisitions .....	VA145				VA148				VA150			
<i>Deduct:</i>												
Charge-offs .....	VA155				VA158				VA160			
Ending Balance .....	VA165				VA168				VA170			

(Report in Thousands of Dollars)  
For the Quarter

### Specific Valuation Allowance Provisions & Transfers from General Allowances (VA118 + VA128)

### General Valuation Allowances

	Charge-Offs (VA155)				Recoveries (VA135)				Total			
	Line	Bil	Mil	Thou	Line	Bil	Mil	Thou	Line	Bil	Mil	Thou
<b>Deposits, and Investment Securities</b> .....	VA30				VA31				VA32			
<b>Mortgage Pool Securities</b> .....	VA380				VA381				VA382			
<b>Mortgage Loans: Total</b> .....	VA40				VA41				VA42			
Construction:												
1-4 Dwelling Units .....	VA420				VA421				VA422			
5 or More Dwelling Units .....	VA430				VA431				VA432			
Nonresidential Property .....	VA440				VA441				VA442			
Permanent:												
1-4 Closed-End First Mortgages & Junior Liens .....	VA450				VA451				VA452			
1-4 Revolving, Open-End Loans .....	VA460				VA461				VA462			
5 or More Dwelling Units .....	VA470				VA471				VA472			
Nonresidential Property (Except Land) .....	VA480				VA481				VA482			
Land .....	VA490				VA491				VA492			

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# Office of Thrift Supervision 1997 Thrift Financial Report

## Schedule VA — Consolidated Valuation Allowances and Related Data

(Report in Thousands of Dollars)  
For the Quarter

	General Valuation Allowances								Specific Valuation Allowance Provisions & Transfers from General Allowances (VA118 + VA128)								Total			
	Charge-Offs (VA155)				Recoveries (VA135)															
	Line	Bil	Mil	Thou	Line	Bil	Mil	Thou	Line	Bil	Mil	Thou	Line	Bil	Mil	Thou				
<b>Nonmortgage Loans: Total.....</b>	<b>VA50</b>				<b>VA51</b>				<b>VA52</b>				<b>VA55</b>							
Commercial.....	VA520				VA521				VA522				VA525							
Consumer (Closed-End):																				
Loans on Deposits.....	VA510				VA511				VA512				VA515							
Home Improvement Loans.....	VA516				VA517				VA518				VA519							
Education Loans.....	VA530				VA531				VA532				VA535							
Auto Loans.....	VA540				VA541				VA542				VA545							
Mobile Home Loans.....	VA550				VA551				VA552				VA555							
Other.....	VA560				VA561				VA562				VA565							
Consumer (Open-End):																				
Revolving Loans Secured by 1-4 Dwelling Units.....	VA570				VA571				VA572				VA575							
Credit Cards and Related Plans.....	VA580				VA581				VA582				VA585							
<b>Reposessed Assets: Total.....</b>	<b>VA60</b>								<b>VA62</b>				<b>VA65</b>							
Real Estate:																				
Construction.....	VA605								VA606				VA607							
1-4 Dwelling Units.....	VA613								VA614				VA615							
5 or More Dwelling Units.....	VA616								VA617				VA618							
Nonresidential (Except Land).....	VA625								VA626				VA627							
Land.....	VA628								VA629				VA631							
Other Repossessed Assets.....	VA630								VA632				VA633							
<b>Real Estate Held for Investment.....</b>	<b>VA70</b>								<b>VA72</b>				<b>VA75</b>							
<b>Investments in Unconsolidated Subordinate Organizations.....</b>	<b>VA820</b>				<b>VA821</b>				<b>VA822</b>				<b>VA825</b>							
<b>Other Assets.....</b>	<b>VA930</b>				<b>VA931</b>				<b>VA932</b>				<b>VA935</b>							

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Office of Thrift Supervision

1997 Thrift Financial Report

Schedule VA — Consolidated Valuation Allowances and Related Data

Association \_\_\_\_\_  
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Report Date \_\_\_\_\_, 1997

OTHER ITEMS

(Report in Thousands of Dollars)

Troubled Debt Restructured:

Amount this Quarter .....

Amount Included in Statement of Condition .....

Line	Bil	Mil	Thou
VA940			
VA941			

Mortgage Loans Foreclosed During the Quarter:

Total .....

Construction .....

Permanent Loans Secured By:

1-4 Dwelling Units .....

5 or More Dwelling Units .....

Nonresidential (Except Land) .....

Land .....

VA95			
VA951			
VA952			
VA953			
VA954			
VA955			

Classification of Assets:

End of Quarter Balances by Classification:

Special Mention .....

Substandard .....

Doubtful .....

Loss .....

VA960			
VA965			
VA970			
VA975			

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Association \_\_\_\_\_  
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**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule PD — Consolidated Past Due and Nonaccrual**

**PAST DUE AND STILL ACCRUING**

(Report in Thousands of Dollars)

Line	Bil	Mil	Thou
------	-----	-----	------

**30 - 89 DAYS**

Mortgage Loans:

Construction .....

PD115			
-------	--	--	--

Permanent, Secured by:

1-4 Dwelling Units .....

PD120			
-------	--	--	--

5 or More Dwelling Units .....

PD125			
-------	--	--	--

Nonresidential Property (Except Land) .....

PD135			
-------	--	--	--

Land .....

PD138			
-------	--	--	--

Nonmortgage Loans and Leases:

Commercial .....

PD140			
-------	--	--	--

Consumer Loans:

Closed-End:

Loans on Deposits .....

PD161			
-------	--	--	--

Home Improvement Loans .....

PD163			
-------	--	--	--

Education Loans .....

PD165			
-------	--	--	--

Auto Loans .....

PD167			
-------	--	--	--

Mobile Home Loans .....

PD169			
-------	--	--	--

Other, Including Leases .....

PD170			
-------	--	--	--

Open-End:

Revolving Loans Secured by 1-4 Dwelling Units .....

PD175			
-------	--	--	--

Credit Cards and Related Plans .....

PD178			
-------	--	--	--

**Total** .....

PD10			
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**90 DAYS OR MORE**

Mortgage Loans:

Construction .....

PD215			
-------	--	--	--

Permanent, Secured by:

1-4 Dwelling Units .....

PD220			
-------	--	--	--

5 or More Dwelling Units .....

PD225			
-------	--	--	--

Nonresidential Property (Except Land) .....

PD235			
-------	--	--	--

Land .....

PD238			
-------	--	--	--

Nonmortgage Loans and Leases:

Commercial .....

PD240			
-------	--	--	--

Consumer Loans:

Closed-End:

Loans on Deposits .....

PD261			
-------	--	--	--

Home Improvement Loans .....

PD263			
-------	--	--	--

For informational purposes only:  
not for data entry

Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule PD — Consolidated Past Due and Nonaccrual**

**PAST DUE AND STILL ACCRUING**

(Report in Thousands of Dollars)

**90 DAYS OR MORE (continued)**

	Line	Bil	Mil	Thou
Education Loans.....	PD265			
Auto Loans.....	PD267			
Mobile Home Loans.....	PD269			
Other, Including Leases.....	PD270			
Open-End:				
Revolving Loans Secured by 1-4 Dwelling Units.....	PD275			
Credit Cards and Related Plans.....	PD278			
<b>Total</b> .....	<b>PD20</b>			

**NONACCRUAL**

**Mortgage Loans:**

Construction.....	PD315			
Permanent, Secured by:				
1-4 Dwelling Units.....	PD320			
5 or More Dwelling Units.....	PD325			
Nonresidential Property (Except Land).....	PD335			
Land.....	PD338			

**Nonmortgage Loans and Leases:**

Commercial.....	PD340			
Consumer Loans:				
Closed-End:				
Loans on Deposits.....	PD361			
Home Improvement Loans.....	PD363			
Education Loans.....	PD365			
Auto Loans.....	PD367			
Mobile Home Loans.....	PD369			
Other, Including Leases.....	PD370			
Open-End:				
Revolving Loans Secured by 1-4 Dwelling Units.....	PD375			
Credit Cards and Related Plans.....	PD378			
<b>Total</b> .....	<b>PD30</b>			

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Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule CC — Consolidated Commitments and Contingencies**

**Commitments Outstanding:**

(Report in Thousands of Dollars)

Undisbursed Balance of Loans Closed (loans-in-process excluding lines of credit):

Mortgage Construction Loans.....  
Other Mortgage Loans.....  
Nonmortgage Loans.....

Line	Bil	Mil	Thou
CC105			
CC115			
CC125			

To Originate Mortgages Secured by:

1-4 Dwelling Units.....  
5 or More Dwelling Units.....  
All Other Real Estate.....

To Originate Nonmortgage Loans.....

To Purchase Loans.....

To Sell Loans.....

To Purchase Mortgage Pool Securities.....

To Sell Mortgage Pool Securities.....

To Purchase Investment Securities.....

To Sell Investment Securities.....

CC280			
CC290			
CC300			
CC310			
CC320			
CC330			
CC340			
CC350			
CC360			
CC370			

**Lines and Letters of Credit:**

**Unused Lines of Credit:**

Open-End Consumer Lines.....  
Commercial Lines.....

CC410			
CC420			

**Letters of Credit:**

Commercial.....  
Standby, Collateralized by Cash or Segregated Accounts.....  
Other Standby.....

CC430			
CC440			
CC450			

**Balance of Assets Sold with Recourse**.....

CC460			
-------	--	--	--

**Other Contingent Liabilities**.....

CC480			
-------	--	--	--

**Contingent Assets**.....

CC490			
-------	--	--	--



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Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

## Office of Thrift Supervision

### 1997 Thrift Financial Report

#### Schedule CF — Consolidated Cash Flow Information

(Report in Thousands of Dollars)

Line	For the Quarter		
	Bil	Mil	Thou
<b>Mortgage Pool Securities:</b>			
Purchases - Secured by Fixed-Rate Mortgages .....	CF140		
Purchases - Secured by Variable-Rate Mortgages .....	CF150		
Sales - Secured by Fixed-Rate Mortgages .....	CF160		
Sales - Secured by Variable-Rate Mortgages .....	CF170		
Principal Reductions .....	CF180		
<b>Mortgage Loans:</b>			
Mortgage Loans Closed:			
Construction Loans on:			
1-4 Dwelling Units .....	CF190		
5 or More Dwelling Units .....	CF200		
Nonresidential .....	CF210		
Permanent Loans on:			
1-4 Dwelling Units:			
Newly Built .....	CF220		
Previously Occupied .....	CF230		
5 or More Dwelling Units:			
Newly Built .....	CF240		
Previously Occupied .....	CF250		
Nonresidential (Except Land) .....	CF260		
Land .....	CF270		
Loans and Participations Purchased, Secured By:			
1-4 Dwelling Units .....	CF280		
5 or More Dwelling Units .....	CF290		
Nonresidential .....	CF300		
Loans and Participations Sold, Secured By:			
1-4 Dwelling Units .....	CF310		
5 or More Dwelling Units .....	CF320		
Nonresidential .....	CF330		
Cash Repayment of Principal .....	CF340		
Debits less Credits Other Than Repayment of Principal .....	CF350		
Refinancing Loans Included on Lines 190 thru 270 Above .....	CF360		
<b>Nonmortgage Loans Closed or Purchased:</b>			
Commercial .....	CF390		
Consumer .....	CF400		
<b>Deposits:</b>			
New Deposits Received less Deposits Withdrawn .....	CF420		
Interest Credited to Deposits .....	CF430		
Deposits Acquired, Net of Dispositions in Bulk Transactions (Including Non-OTS Mergers) .....	CF435		

For informational purposes only:  
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Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SI — Consolidated Supplemental Information**

**Deposit Data:**

(Report in Thousands of Dollars)

	Line	Bil	Mil	Thou
Total Broker-Originated Deposits:				
Fully Insured.....	SI100			
Other .....	SI110			
Deposits with Balances:				
\$100,000 or Less.....	SI165			
Greater than \$100,000.....	SI175			
IRA/Keogh Accounts.....	SI210			
Number of Deposit Accounts with Balances:				
\$100,000 or Less .....	SI220			
Greater than \$100,000 .....	SI230			
Uninsured Deposits .....	SI235			
Preferred Deposits .....	SI237			

**Deposit and Escrow Data for Deposit Insurance Premium Assessments:**

Noninterest-bearing Demand Deposits.....	SI215			
Outstanding Checks Drawn Against Federal Home Loan Banks and Federal Reserve Banks Not Included in SC710 .....	SI239			
Deposits in Lifeline Accounts.....	SI240			
Deposits of Consolidated Subsidiaries:				
Demand Deposits .....	SI243			
Time and Savings Deposits .....	SI244			
Adjustments to Deposits for Depository Institution Investment Contracts and Deposits in Foreign Offices, Edge and Agreement Subsidiaries, and IBFs (Including Accrued Interest)	SI245			
Amount of assets netted against deposit and escrow liabilities in Schedule SC in accordance with generally accepted accounting principles that cannot be netted for purposes of calculating deposits in accordance with the Federal Deposit Insurance Act:				
Netted Against Demand Deposits (including escrows).....	SI247			
Netted Against Time and Savings Deposits (including escrows).....	SI248			

To be completed by associations with Oakar deposits:

Total deposits purchased or acquired from other FDIC insured institutions during the quarter.....	SI255			
Amount of purchased or acquired deposits reported in SI255 attributable to a secondary fund (i.e., SAIF members report deposits attributable to BIF; BIF members report deposits attributable to SAIF).....	SI265			
Total deposits sold or transferred during the quarter.....	SI266			

For informational purposes only:  
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Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SI — Consolidated Supplemental Information**

(Report in Thousands of Dollars)

**Other Data:**

Approximate Value of Trust Assets Administered.....  
Number of Full-time Equivalent Employees ..... **Actual Number**  
Assets Held in Trading Accounts .....  
Available-for-Sale Securities .....  
Assets Held for Sale .....  
Loans Serviced for Others.....

Line	Bil	Mil	Thou
SI350			
SI370			
SI375			
SI385			
SI387			
SI390			

**Regulatory Liquidity:**

Average Regulatory Liquidity Ratio..... **Percentage**

SI500	— — • — — %
-------	-------------

**Qualified Thrift Lender Test:**

Actual Thrift Investment Percentage at Month-end:

First Month of Quarter .....  
Second Month of Quarter..... **Percentages**  
Third Month of Quarter .....

SI581	— — • — — %
SI582	— — • — — %
SI583	— — • — — %

**Extensions of credit by the reporting association (and its controlled subsidiaries) to its executive officers, principal shareholders, directors, and their related interests as of the report date:**

Aggregate amount of all extensions of credit.....

SI590	
-------	--

Number of executive officers, principal shareholders, and directors to whom the amount of all extensions of credit (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of unimpaired capital and unimpaired surplus (CCR30 + CCR35 + CCR530 + CCR105) .....

**Actual Number**

SI595	
-------	--

**Reconciliation of Equity Capital:**

Beginning Equity Capital .....  
Net Income (Loss) (SO91) .....  
Dividends Declared:  
    Preferred Stock .....  
    Common Stock .....  
Stock Issued .....  
Stock Retired .....  
New Basis Accounting Adjustments .....  
Other Adjustments .....  
Ending Equity Capital (SC80) .....

SI600	
SI610	
SI620	
SI630	
SI640	
SI650	
SI660	
SI670	
SI680	

For informational purposes only:  
not for data entry

Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SI — Consolidated Supplemental Information**

**Asset Repricing/Maturing Data**

Will the reporting association file Schedule CMR for this quarter? .....  
If no, complete Lines 710 through 740. If yes, Lines 710 through 740 are not required.

	Yes	No
SI700		

(Report in Thousands of Dollars)

Assets Repricing/Maturing in Three Years or Less:

Mortgage Loans and Securities .....  
Nonmortgage Loans, Interest-earning Deposits and Investment Securities .....

Line	Bil	Mil	Thou
SI710			
SI720			

Assets Repricing/Maturing in More than Three Years:

Mortgage Loans and Securities .....  
Nonmortgage Loans, Interest-earning Deposits, and Investment Securities .....

SI730			
SI740			

**Mutual fund and annuity sales during the quarter (include  
proprietary, private label, and third party mutual funds):**

Money Market Funds .....  
Equity Securities Funds .....  
Debt Securities Funds .....  
Other Funds .....  
Annuities .....  
Sales of Proprietary Mutual Funds and Annuities Included on Lines 800 thru 840 Above .....  
Fee Income from the Sale and Servicing of Mutual Funds and Annuities .....

SI800			
SI810			
SI820			
SI830			
SI840			
SI850			
SI860			

For informational purposes only:  
not for data entry

Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision  
1997 Thrift Financial Report  
SPECIAL REPORT**

**LOANS TO EXECUTIVE OFFICERS**

The following information is required by Public Laws 90-44 and 102-242, but does not constitute a part of the Thrift Financial Report (TFR). With each TFR, these Laws require all savings associations to furnish a report of all loans or other extensions of credit to their executive officers made since the date of the previous TFR. Data regarding individual loans or other extensions of credit are not required. Exclude the first \$15,000 of indebtedness of each executive officer under a credit card plan. See Sections 215.2 and 215.3 of Title 12 of the Code of Federal Regulations (Federal Reserve Board Regulation O) for the definitions of "executive officer" and "extension of credit," respectively. (The Office of Thrift Supervision incorporated the Federal Reserve Board's Regulation O by reference at Section 563.43 of Title 12 of the Code of Federal Regulations.) This report should not include loans and other extensions of credit to directors and principal shareholders who are not executive officers.

	Line	Actual Number
Number of Loans Made to Executive Officers During the Quarter .....	SI900	
(Report in Thousands of Dollars)		
		Bil Mil Thou
Total Dollar Amount of Above Loans (In Thousands of Dollars) .....	SI910	
Range of Interest Charged on Above Loans	Minimum.....	SI920    ____ • ____ %
	Maximum.....	SI930    ____ • ____ %

**A paper copy of this signed form must be retained in the files of the reporting savings association and be available for inspection by OTS.**

Signature and Title of Officer Authorized to Sign Report

Date

For informational purposes only:  
not for data entry

Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule SQ — Consolidated Supplemental Questions**

**Check the  
Appropriate Box**

Questions 100 through 300 should be completed for the reporting savings association only.

Line	Yes	No
------	-----	----

Did the reporting association acquire any assets through merger? .....

SQ100		
-------	--	--

Did the reporting association include in this balance sheet for the first time assets and/or liabilities acquired as a result of a branch or other bulk deposit purchase? .....

SQ110		
-------	--	--

Has there been:

a change in the control of the association? .....

SQ130		
-------	--	--

a merger accounted for under the purchase method? .....

SQ160		
-------	--	--

If the reporting association restated its balance sheet for the first time this quarter as a result of applying push-down accounting, enter the date of the reorganization (MMDDYY) .....

SQ170	mm	dd	yy
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Reporting association's fiscal year-end .....

SQ270	mm
-------	----

Code representing nature of work to be performed by independent public accountants for the current fiscal year .....

SQ280	Code	
	Yes	No

Did the reporting association change its independent public accountant during the quarter? ...

SQ300		
-------	--	--

Did the reporting association and its consolidated subsidiaries have any outstanding futures or options positions at quarter-end? .....

SQ310		
-------	--	--

Has the reporting association been consolidated with its parent in another TFR? If so, enter the OTS docket number of the parent savings association. ....

SQ410					
-------	--	--	--	--	--

Has the reporting association been consolidated with its parent in a Commercial Bank Call Report? If so, enter the FDIC certificate number of the parent commercial bank. ....

SQ420					
-------	--	--	--	--	--

For informational purposes only:  
not for data entry

Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule YD — Yields on Deposits**

**Interest Rate Yield on New Deposits Received:**

Interest-Bearing Transaction Accounts (NOW/Super NOW) .....	YD110	— — • — — %
Money Market Deposit Accounts (MMDAs) .....	YD120	— — • — — %

**Fixed-Rate, Fixed-Term Certificate Accounts, Classified by Balance  
and Original Maturity:**

**Balances of \$100,000 or less:**

32-91 Days .....	YD130	— — • — — %
92-182 Days .....	YD140	— — • — — %
183 Days through 1 Year .....	YD150	— — • — — %
Over 1 Year through 2 Years .....	YD160	— — • — — %
Over 2 Years through 3 Years .....	YD170	— — • — — %
Over 3 Years .....	YD180	— — • — — %

**Balances Greater than \$100,000:**

Up to 1 Month .....	YD220	— — • — — %
Over 1 Month through 2 Months .....	YD230	— — • — — %
Over 2 Months through 3 Months .....	YD240	— — • — — %
Over 3 Months through 6 Months .....	YD250	— — • — — %
Over 6 Months through 12 Months .....	YD260	— — • — — %

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**Office of Thrift Supervision  
1997 Thrift Financial Report**

**Schedule SB — Consolidated Small Business Loans**

Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**The following data is to be completed annually at June 30 to comply with Section 122 of the FDIC Improvement Act:**

**Annually**

**Loans to Small Businesses and Small Farms:**

Does the reporting association have any loans secured primarily by farms reported on SC260 or any loans to finance agricultural production or other loans to farmers reported on SC300, 303, or 306? .....

Line	Yes	No
SB100		

If 100 is yes, complete lines 300 through 650 (Do not complete 110 thru 210). If no, complete the following item, 110.

Are all or substantially all of the association's commercial loans (Schedule SC lines 260, 300, 303, and 306) loans with original amounts of \$100,000 or less? .....

	Yes	No
SB110		

If 110 is yes, complete the following lines, 200 and 210, only. If no, complete lines 300 through 450, only.

Number of loans reported on lines:

SC260.....  
SC300, 303, and 306.....

**Actual Number**

SB200	
SB210	

Number and amount outstanding of permanent mortgage loans secured by nonfarm, nonresidential properties reported on SC260:

**Number of Loans**

**Outstanding  
Balance**

(Report in Thousands of Dollars)

With original amounts of:

\$100,000 or less.....  
Greater than \$100,000 thru \$250,000.....  
Greater than \$250,000 thru \$1 million.....

	Actual Number		Bil	Mil	Thou
SB300		SB310			
SB320		SB330			
SB340		SB350			

Number and amount outstanding of nonmortgage, nonagricultural commercial loans reported on SC300, 303, and 306:

With original amounts of:

\$100,000 or less.....  
Greater than \$100,000 thru \$250,000.....  
Greater than \$250,000 thru \$1 million.....

SB400		SB410			
SB420		SB430			
SB440		SB450			

Number and amount outstanding of loans secured primarily by farms reported on SC260:

With original amounts of:

\$100,000 or less.....  
Greater than \$100,000 thru \$250,000.....  
Greater than \$250,000 thru \$500,000.....

SB500		SB510			
SB520		SB530			
SB540		SB550			

Number and amount outstanding of nonmortgage, commercial loans to finance agricultural production and other nonmortgage commercial loans to farmers reported on SC300, 303, and 306:

With original amounts of:

\$100,000 or less.....  
Greater than \$100,000 thru \$250,000.....  
Greater than \$250,000 thru \$500,000.....

SB600		SB610			
SB620		SB630			
SB640		SB650			



For informational purposes only:  
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Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule CSS – Subordinate Organization Schedule**

Complete this schedule annually as of December 31 for all active subordinate organizations owned directly or indirectly by the savings association, including any shell organizations owning active entities. Repeat the data fields for each entity.

	Line											
Entity Tax ID#.....	CSS010	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Entity Name.....	CSS020	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Street Address.....	CSS025	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
City.....	CSS030	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
State.....	CSS040	<table border="1" style="display: inline-table; width: 30px; height: 15px;"><tr><td></td><td></td></tr></table>										
Zip Code.....	CSS045	<table border="1" style="display: inline-table; width: 80px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Tax ID# of Immediate Parent.....	CSS050	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Name of Immediate Parent.....	CSS060	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
% Ownership by Immediate Parent.....	CSS070	<table border="1" style="display: inline-table; width: 60px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">%</td></tr></table>										%
									%			
Type of Entity:.....	CSS080	<table border="1" style="display: inline-table; width: 30px; height: 15px;"><tr><td></td><td></td></tr></table>										
Type of Business:.....	CSS100	<table border="1" style="display: inline-table; width: 30px; height: 15px;"><tr><td></td><td></td></tr></table>										
	CSS101	<table border="1" style="display: inline-table; width: 30px; height: 15px;"><tr><td></td><td></td></tr></table>										
	CSS102	<table border="1" style="display: inline-table; width: 30px; height: 15px;"><tr><td></td><td></td></tr></table>										
	CSS103	<table border="1" style="display: inline-table; width: 30px; height: 15px;"><tr><td></td><td></td></tr></table>										
Docket Number of Subsidiary Savings Association.....	CSS110	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Other Business Type.....	CSS115	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
(Report in Thousands of Dollars)												
		<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">Bil</td><td style="text-align: center;">Mil</td><td style="text-align: center;">Thou</td></tr></table>	Bil	Mil	Thou							
Bil	Mil	Thou										
Total Assets.....	CSS120	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Total Liabilities.....	CSS130	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Total Capital.....	CSS140	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Net Income (Loss) for the Calendar Year .....	CSS150	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
Gross Commitments and Contingent Liabilities.....	CSS160	<table border="1" style="display: inline-table; width: 150px; height: 15px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										

For informational purposes only:  
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Association \_\_\_\_\_  
Docket Number \_\_\_\_\_  
Report Date \_\_\_\_\_, 1997

**Office of Thrift Supervision**  
**1997 Thrift Financial Report**  
**Schedule CCR — Consolidated Capital Requirement**

(Report in Thousands of Dollars)

Line	Bil	Mil	Thou
<b>TANGIBLE CAPITAL REQUIREMENT:</b>			
Equity Capital (SC80).....	CCR100		
Adjustment:			
Unrealized Losses (Gains) on Certain Available-for-Sale Securities .....	CCR102		
Less:			
Investments in and Advances to "Nonincludable" Subsidiaries.....	CCR105		
Goodwill and Other Intangible Assets.....	CCR115		
Nonqualifying Equity Instruments .....	CCR120		
Add:			
Minority Interest in Includable Consolidated Subsidiaries Reported on SC799.....	CCR125		
Mutual Institutions' Nonwithdrawable Deposit Accounts Reported on SC710.....	CCR130		
Subtotal—Tangible Capital (100 + 102 – 105 – 115 – 120 + 125 + 130) .....	CCR132		
Less:			
Disallowed Servicing Assets and Deferred Tax Assets (230).....	CCR133		
<b>Tangible Capital (132–133).....</b>	<b>CCR10</b>		
Total Assets (SC60) .....	CCR135		
Adjustment:			
Unrealized Losses (Gains) on Certain Available-for-Sale Securities .....	CCR137		
Less:			
Assets of "Nonincludable" Subsidiaries .....	CCR145		
Goodwill and Other Intangible Assets (115).....	CCR155		
Subtotal – Tangible Assets (135 + 137 – 145 – 155).....	CCR160		
Less:			
Disallowed Servicing Assets and Deferred Tax Assets (230).....	CCR170		
<b>Tangible Assets (160 – 170).....</b>	<b>CCR15</b>		
<b>Tangible Capital Requirement (Tangible Assets (15) times 1.5%).....</b>	<b>CCR17</b>		
<b>Amount of Tangible Capital Greater Than (Less Than) Requirement (10 –17) .....</b>	<b>CCR19</b>		
<b>CORE (Tier 1) CAPITAL REQUIREMENT:</b>			
Subtotal – Tangible Capital (132) .....	CCR200		
Add:			
Qualifying Intangible Assets.....	CCR220		
Subtotal – Core (Tier 1) Capital (200 + 220) .....	CCR225		
Less:			
Disallowed Servicing Assets and Deferred Tax Assets .....	CCR230		
<b>Core (Tier 1) Capital (225 – 230).....</b>	<b>CCR20</b>		
Subtotal – Tangible Assets (160).....	CCR240		
Add:			
Qualifying Intangible Assets (220) .....	CCR250		
Subtotal – Adjusted Tangible Assets (240 + 250).....	CCR252		
Less:			
Disallowed Servicing Assets and Deferred Tax Assets (230) .....	CCR255		
<b>Adjusted Tangible Assets (252 – 255).....</b>	<b>CCR25</b>		
<b>Core Capital Requirement .....</b>	<b>CCR27</b>		
<b>Amount of Core Capital Greater Than (Less Than) Requirement (20 – 27) .....</b>	<b>CCR29</b>		

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**Schedule CCR — Consolidated Capital Requirement**

(Report in Thousands of Dollars)

Line	Bil	Mil	Thou
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**RISK-BASED CAPITAL REQUIREMENT:**

<b>Core (Tier 1) Capital (CCR20)</b> .....	<b>CCR30</b>			
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Supplementary (Tier 2) Capital:

Qualifying Subordinated Debt and Redeemable Preferred Stock .....	CCR310			
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Capital Certificates .....	CCR320			
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Nonwithdrawable Deposit Accounts Not Reported on CCR130 .....	CCR330			
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Other Equity Instruments .....	CCR340			
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Allowances for Loan and Lease Losses .....	CCR350			
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<b>Supplementary (Tier 2) Capital (310 + 320 + 330 + 340 + 350)</b> .....	<b>CCR33</b>			
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<b>Allowable Supplementary (Tier 2) Capital</b> .....	<b>CCR35</b>			
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Equity Investments and Other Assets Required to be Deducted .....	CCR370			
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Capital Reduction for Interest-rate Risk (IRR) Exposure .....	CCR380			
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<b>Adjusted Total Capital (Risk-based Capital) (30 + 35 – 370 – 380)</b> .....	<b>CCR39</b>			
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**RISK-WEIGHT CATEGORIES**

0% Risk-weight:

Cash .....	CCR400			
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Securities Backed by Full Faith and Credit of U.S. Government .....	CCR405			
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Notes and Obligations of FSLIC and FDIC .....	CCR408			
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FSLIC Covered Assets .....	CCR410			
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Other .....	CCR415			
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Total (400 + 405 + 408 + 410 + 415) .....	CCR420			
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<b>0% Risk-weight Total (420 x 0%)</b> .....	<b>CCR40</b>			
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20% Risk-weight:

High-quality MBS .....	CCR430			
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Claims on FHLBs .....	CCR435			
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General Obligations of State and Local Governments .....	CCR440			
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Claims on Domestic Depository Institutions .....	CCR445			
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Other .....	CCR450			
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Total (430 + 435 + 440 + 445 + 450) .....	CCR455			
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<b>20% Risk-weight Total (455 x 20%)</b> .....	<b>CCR45</b>			
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50% Risk-weight:

Qualifying Single-family Residential Mortgage Loans .....	CCR460			
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Qualifying Multifamily Residential Mortgage Loans .....	CCR465			
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Other MBS Backed by Qualifying Mortgage Loans .....	CCR470			
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State and Local Revenue Bonds .....	CCR475			
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Other .....	CCR480			
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Total (460 + 465 + 470 + 475 + 480) .....	CCR485			
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<b>50% Risk-weight Total (485 x 50%)</b> .....	<b>CCR50</b>			
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100% Risk-weight:

All Other Assets .....

Total (505) .....

**100% Risk-weight Total (510 x 100%).....**

Line	Bil	Mil	Thou
CCR505			
CCR510			
CCR55			

Excess Allowances for Loan and Lease Losses .....

CCR530			
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**TOTAL RISK-WEIGHT ASSETS (40 + 45 + 50 + 55 - 530).....**

CCR65			
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Fully Capitalized Items.....

CCR70			
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**Risk-based Capital Requirement .....**

CCR80			
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**Amount of Risk-based Capital Greater than (Less Than) Requirement (39 – 80).....**

CCR90			
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**ASSETS**

**FIXED-RATE, SINGLE-FAMILY, FIRST MORTGAGE  
LOANS & MORTGAGE-BACKED SECURITIES**

**30-Year Mortgages and MBS:**

Mortgage Loans .....  
WARM.....  
WAC.....  
\$ of Which Are FHA or VA Guaranteed .....

Securities Backed By Conventional Mortgages.....  
WARM.....  
Wtd Avg Pass-Thru Rate.....

Securities Backed by FHA or VA Mortgages.....  
WARM.....  
Wtd Avg Pass-Thru Rate.....

**15- Year Mortgages and MBS:**

Mortgage Loans .....  
WAC.....

Mortgage Securities.....  
Wtd Avg Pass-Thru Rate.....

WARM (of Loans & Securities).....

**Balloon Mortgages and MBS:**

Mortgage Loans .....  
WAC.....

Mortgage Securities.....  
Wtd Avg Pass-Thru Rate.....

WARM (of Loans & Securities).....

Coupon									
Less Than 7%		7.00 to 7.99%		8.00 to 8.99%		9.00 to 9.99%		10.00% & Above	
CMR001	\$	CMR002	\$	CMR003	\$	CMR004	\$	CMR005	\$
CMR006	months	CMR007	months	CMR008	months	CMR009	months	CMR010	months
CMR011	%	CMR012	%	CMR013	%	CMR014	%	CMR015	%
CMR016	\$	CMR017	\$	CMR018	\$	CMR019	\$	CMR020	\$
CMR026	\$	CMR027	\$	CMR028	\$	CMR029	\$	CMR030	\$
CMR031	months	CMR032	months	CMR033	months	CMR034	months	CMR035	months
CMR036	%	CMR037	%	CMR038	%	CMR039	%	CMR040	%
CMR046	\$	CMR047	\$	CMR048	\$	CMR049	\$	CMR050	\$
CMR051	months	CMR052	months	CMR053	months	CMR054	months	CMR055	months
CMR056	%	CMR057	%	CMR058	%	CMR059	%	CMR060	%
CMR066	\$	CMR067	\$	CMR068	\$	CMR069	\$	CMR070	\$
CMR071	%	CMR072	%	CMR073	%	CMR074	%	CMR075	%
CMR076	\$	CMR077	\$	CMR078	\$	CMR079	\$	CMR080	\$
CMR081	%	CMR082	%	CMR083	%	CMR084	%	CMR085	%
CMR086	months	CMR087	months	CMR088	months	CMR089	months	CMR090	months
CMR096	\$	CMR097	\$	CMR098	\$	CMR099	\$	CMR100	\$
CMR101	%	CMR102	%	CMR103	%	CMR104	%	CMR105	%
CMR106	\$	CMR107	\$	CMR108	\$	CMR109	\$	CMR110	\$
CMR111	%	CMR112	%	CMR113	%	CMR114	%	CMR115	%
CMR116	months	CMR117	months	CMR118	months	CMR119	months	CMR120	months
Total Fixed-Rate, Single-Family, First Mortgage Loans and Mortgage-Backed Securities								CMR125	\$

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**ASSETS---Continued**

**ADJUSTABLE-RATE, SINGLE-FAMILY, FIRST MORTGAGE  
LOANS & MORTGAGE-BACKED SECURITIES**

**Teaser ARMs**

Balances Currently Subject to Introductory Rates.....  
WAC.....

Current Market Index ARMs by Coupon Reset Frequency					
6 Mo or Less		7 Mo to 2 Yrs		2 + Yrs to 5 Yrs	
CMR141	\$	CMR142	\$	CMR143	\$
CMR146	• %	CMR147	• %	CMR148	• %

Lagging Market Index ARMs by Coupon Reset Frequency			
1 Month		2 Mo to 5 Yrs	
CMR144	\$	CMR145	\$
CMR149	• %	CMR150	• %

**Non-Teaser ARMs**

Balances of All Non-Teaser ARMs.....  
Wtd Avg Margin.....  
WAC.....  
WARM.....  
Wtd Avg Time Until Next Payment Reset .....

CMR156	\$	CMR157	\$	CMR158	\$
CMR161	bp	CMR162	bp	CMR163	bp
CMR166	• %	CMR167	• %	CMR168	• %
CMR171	months	CMR172	months	CMR173	months
CMR176	months	CMR177	months	CMR178	months

CMR159	\$	CMR160	\$
CMR164	bp	CMR165	bp
CMR169	• %	CMR170	• %
CMR174	months	CMR175	months
CMR179	months	CMR180	months

**Total Adjustable-Rate, Single-Family, First Mortgage Loans & Mortgage-Backed Securities .....**

CMR185	\$
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**MEMO ITEMS FOR ALL ARMS (Reported at CMR185):**

**ARM Balances by Distance to Lifetime Cap**

Balances W/Coupon Within 200 bp of Lifetime Cap.....  
Wtd Avg Distance from Lifetime Cap.....  
Balances W/Coupon 201-400 bp from Lifetime Cap.....  
Wtd Avg Distance from Lifetime Cap.....  
Balances W/Coupon Over 400 bp from Lifetime Cap.....  
Wtd Avg Distance from Lifetime Cap.....  
Balances Without Lifetime Cap.....

Current Market Index ARMs by Coupon Reset Frequency					
6 Mo or Less		7 Mo to 2 Yrs		2 + Yrs to 5 Yrs	
CMR186	\$	CMR187	\$	CMR188	\$
CMR191	bp	CMR192	bp	CMR193	bp
CMR196	\$	CMR197	\$	CMR198	\$
CMR201	bp	CMR202	bp	CMR203	bp
CMR206	\$	CMR207	\$	CMR208	\$
CMR216	bp	CMR217	bp	CMR218	bp
CMR211	\$	CMR212	\$	CMR213	\$

Lagging Market Index ARMs by Coupon Reset Frequency			
1 Month		2 Mo to 5 Yrs	
CMR189	\$	CMR190	\$
CMR194	bp	CMR195	bp
CMR199	\$	CMR200	\$
CMR204	bp	CMR205	bp
CMR209	\$	CMR210	\$
CMR219	bp	CMR220	bp
CMR214	\$	CMR215	\$

**ARM Cap & Floor Detail**

Balances Subject to Periodic Rate Caps.....  
Wtd Avg Periodic Rate Cap (in basis points).....  
Balances Subject to Periodic Rate Floors.....

CMR221	\$	CMR222	\$	CMR223	\$
CMR226	bp	CMR227	bp	CMR228	bp
CMR231	\$	CMR232	\$	CMR233	\$

CMR224	\$	CMR225	\$
CMR229	bp	CMR230	bp
CMR234	\$	CMR235	\$

**MBS Included in ARM Balances.....**

CMR241	\$	CMR242	\$	CMR243	\$
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CMR244	\$	CMR245	\$
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**ASSETS---Continued**

**MULTIFAMILY & NONRESIDENTIAL  
MORTGAGE LOANS & SECURITIES**

**Adjustable-Rate:**

Balances .....  
WARM.....  
Remaining Term to Full Amortization.....  
Rate Index Code.....  
Margin .....  
Reset Frequency.....  
MEMO: ARMs within 300 bp of Life Cap  
Balances.....  
WA Distance to Lifetime Cap (bp).....

**Fixed-Rate:**

Balances .....  
WARM.....  
Remaining Term to Full Amortization.....  
WAC .....

**CONSTRUCTION & LAND LOANS**

Balances .....  
WARM.....  
Rate Index Code.....  
Margin in Col 1; WAC in Col 2.....  
Reset Frequency.....

**SECOND MORTGAGE LOANS & SECURITIES**

Balances .....  
WARM.....  
Rate Index Code.....  
Margin in Col 1; WAC in Col 2.....  
Reset Frequency.....

Balloons		Fully Amortizing	
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CMR261	\$	CMR262	\$
CMR263	months	CMR264	months
CMR265	months		
CMR267		CMR268	
CMR269	bp	CMR270	bp
CMR271	months	CMR272	months

CMR273	\$	CMR274	\$
CMR275	bp	CMR276	bp

CMR281	\$	CMR282	\$
CMR283	months	CMR284	months
CMR285	months		
CMR287	• %	CMR288	• %

Adjustable Rate		Fixed Rate	
CMR291	\$	CMR292	\$
CMR293	months	CMR294	months
CMR295			
CMR297	bp	CMR298	• %
CMR299	months		

Adjustable Rate		Fixed Rate	
CMR311	\$	CMR312	\$
CMR313	months	CMR314	months
CMR315			
CMR317	bp	CMR318	• %
CMR319	months		

**ASSETS---CONTINUED**

**COMMERCIAL LOANS**

Balances.....  
WARM.....  
Margin in Col 1; WAC in Col 2.....  
Reset Frequency.....  
Rate Index Code .....

**CONSUMER LOANS**

Balances.....  
WARM.....  
Rate Index Code .....

Margin in Col 1; WAC in Col 2.....  
Reset Frequency.....  
**MORTGAGE-DERIVATIVE  
SECURITIES--BOOK VALUE**

**Collateralized Mortgage Obligations:**

Floating Rate .....  
Fixed Rate:  
Remaining WAL<=5 Years .....  
Remaining WAL 5-10 Years .....  
Remaining WAL Over 10 Years .....  
Superfloaters .....  
Inverse Floaters & Super POs.....  
Other .....

**CMO Residuals:**

Fixed Rate .....  
Floating Rate .....

**Stripped Mortgage-Backed Securities:**

Interest-Only MBS.....  
WAC.....  
Principal-Only MBS.....  
WAC.....  
**Total Mortgage-Derivative  
Securities--Book Value.....**

Adjustable Rate		Fixed Rate	
CMR325	\$	CMR326	\$
CMR327	months	CMR328	months
CMR329	bp	CMR330	• %
CMR331	months		
CMR333			

Adjustable Rate		Fixed Rate	
CMR335	\$	CMR336	\$
CMR337	months	CMR338	months
CMR339			
CMR341	bp	CMR342	• %
CMR343	months		

High Risk		Low Risk	
CMR351	\$	CMR352	\$
CMR353	\$	CMR354	\$
CMR355	\$	CMR356	\$
CMR357	\$		
CMR359	\$		
CMR361	\$		
CMR363	\$	CMR364	\$

CMR365	\$	CMR366	\$
CMR367	\$	CMR368	\$

CMR369	\$	CMR370	\$
CMR371	• %	CMR372	• %
CMR373	\$	CMR374	\$
CMR375	• %	CMR376	• %

CMR377	\$	CMR378	\$
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**ASSETS - Continued**

**MORTGAGE LOANS SERVICED FOR OTHERS**

**Coupon of Fixed-Rate Mortgages Serviced for Others**

**Fixed-Rate Mortgage Loan Servicing**

Balances Serviced .....  
WARM.....  
Wtd Avg Servicing Fee.....

Less Than 7%		7.00 to 7.99%		8.00 to 8.99%		9.00 to 9.99%		10.00% & Above	
CMR401	\$	CMR402	\$	CMR403	\$	CMR404	\$	CMR405	\$
CMR406	months	CMR407	months	CMR408	months	CMR409	months	CMR410	months
CMR411	bp	CMR412	bp	CMR413	bp	CMR414	bp	CMR415	bp

Total # of Fixed-Rate Loans Serviced That Are:  
Conventional Loans.....  
FHA/VA Loans.....  
Subserviced by Others.....

CMR421	loans
CMR422	loans
CMR423	loans

**Adjustable-Rate Mortgage Loan Servicing**

Balances Serviced .....  
WARM.....  
Wtd Avg Servicing Fee.....

Index on Serviced Loan			
Current Market		Lagging Market	
CMR431	\$	CMR432	\$
CMR433	months	CMR434	months
CMR435	bp	CMR436	bp

Total # of Adjustable-Rate Loans Serviced .....  
Of Which, Number Subserviced By Others .....

CMR441	loans
CMR442	loans

**Total Balances of Mortgage Loans Serviced for Others** .....

CMR450	\$
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**CASH, DEPOSITS, & SECURITIES**

Cash, Non-Interest-Earning Demand Deposits, Overnight Fed Funds, Overnight Repos.....  
Equity Securities and All Mutual Funds.....  
Zero-Coupon Securities.....  
Government and Agency Securities.....  
Term Fed Funds, Term Repos, and Interest-Earning Deposits.....  
Other (Munis, Mortgage-Backed Bonds, Corporate Securities, Commercial Paper, Etc.).....  
Structured Securities .....

Balances		WAC		WARM	
CMR461	\$				
CMR464	\$				
CMR470	\$	CMR471	• %	CMR472	months
CMR473	\$	CMR474	• %	CMR475	months
CMR476	\$	CMR477	• %	CMR478	months
CMR479	\$	CMR480	• %	CMR481	months
CMR485	\$				
CMR490	\$				

**Total Cash, Deposits, & Securities** .....



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**ASSETS - Continued**

**ITEMS RELATED TO MORTGAGE LOANS & SECURITIES**

Nonperforming Loans .....	CMR501	\$
Accrued Interest Receivable .....	CMR502	\$
Advances for Taxes and Insurance .....	CMR503	\$
Less: <i>Unamortized Yield Adjustments</i> .....	CMR504	\$
<i>Valuation Allowances</i> .....	CMR507	\$
Unrealized Gains (Losses) .....	CMR508	\$

**ITEMS RELATED TO NONMORTGAGE LOANS & SECURITIES**

Nonperforming Loans .....	CMR511	\$
Accrued Interest Receivable .....	CMR512	\$
Less: <i>Unamortized Yield Adjustments</i> .....	CMR513	\$
<i>Valuation Allowances</i> .....	CMR516	\$
Unrealized Gains (Losses) .....	CMR517	\$

**REAL ESTATE HELD FOR INVESTMENT .....** CMR520 \$

**REPOSSESSED ASSETS .....** CMR525 \$

**INVESTMENT IN UNCONSOLIDATED SUBORDINATE ORGANIZATIONS .....** CMR530 \$

**OFFICE PREMISES AND EQUIPMENT .....** CMR535 \$

**ITEMS RELATED TO CERTAIN INVESTMENT SECURITIES**

Unrealized Gains (Losses) .....	CMR538	\$
Less: <i>Unamortized Yield Adjustments</i> .....	CMR539	\$
<i>Valuation Allowances</i> .....	CMR540	\$

**OTHER ASSETS**

Servicing Assets, Interest-Only Strip Receivables, and Certain Other Instruments .....	CMR541	\$
Margin Account .....	CMR542	\$
Miscellaneous I .....	CMR543	\$
Miscellaneous II .....	CMR544	\$

**TOTAL ASSETS .....** CMR550 \$

**ASSETS-Continued**

**MEMORANDA ITEMS**

Mortgage "Warehouse" Loans Reported as Mortgage Loans at SC23 .....	CMR578	\$
Loans Secured by Real Estate Reported as Consumer Loans at SC34 .....	CMR580	\$
Market Value of Equity Securities & Mutual Funds Rpt'd at CMR464: Equity Securities & Non-Mortgage-Related Mutual Funds .....	CMR582	\$
Mortgage-Related Mutual Funds .....	CMR584	\$
Mortgage Loans Serviced by Others: Fixed-Rate Mortgage Loans Serviced .....	CMR586	\$
Wtd Avg Servicing Fee .....	CMR587	bp
Adjustable-Rate Mortgage Loans Serviced .....	CMR588	\$
Wtd Avg Servicing Fee .....	CMR589	bp
Credit Card Balances Expected to Pay Off in Grace Period .....	CMR590	\$

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**LIABILITIES**

**FIXED-RATE, FIXED-MATURITY DEPOSITS**

**Balances by Remaining Maturity:**

Balances Maturing in 3 Months or Less.....  
WAC .....  
WARM .....

Original Maturity in Months					
12 or Less		13 to 36		37 or More	
CMR601	\$	CMR602	\$	CMR603	\$
CMR605	• %	CMR606	• %	CMR607	• %
CMR608	months	CMR609	months	CMR610	months

**Early Withdrawals  
During Quarter  
(Optional)**

CMR604 \$

Balances Maturing in 4 to 12 Months.....  
WAC .....  
WARM .....

CMR615	\$	CMR616	\$	CMR617	\$
CMR619	• %	CMR620	• %	CMR621	• %
CMR622	months	CMR623	months	CMR624	months

CMR618 \$

Balances Maturing in 13 to 36 Months .....  
WAC .....  
WARM .....

CMR631	\$	CMR632	\$
CMR634	• %	CMR635	• %
CMR636	months	CMR637	months

CMR633 \$

Balances Maturing in 37 or More Months.....  
WAC .....  
WARM .....

CMR641	\$
CMR643	• %
CMR644	months

CMR642 \$

**Total Fixed-Rate, Fixed-Maturity Deposits:** .....

CMR645 \$

**Memo: Fixed-Rate, Fixed-Maturity Deposit  
Detail:**

Balances in Brokered Deposits .....

Original Maturity in Months					
12 or Less		13 to 36		37 or More	
CMR650	\$	CMR651	\$	CMR652	\$

Deposits with Early-Withdrawal Penalties Stated  
in Terms of Months of Forgone Interest:

Balances Subject to Penalty .....  
Penalty in Months of Forgone Interest.....  
(expressed to two decimal places; e.g., x.xx)

CMR653	\$	CMR654	\$	CMR655	\$
CMR656	months	CMR657	months	CMR658	months

Balances in New Accounts (Optional).....

CMR659	\$	CMR660	\$	CMR661	\$
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**LIABILITIES-Continued**

**FIXED-RATE, FIXED-MATURITY:  
FHLB ADVANCES, OTHER BORROWINGS,  
REDEEMABLE PREFERRED STOCK,  
& SUBORDINATED DEBT**

Remaining Maturity		
0 to 3 Months	4 to 36 Months	Over 36 Months

WAC
-----

**Balances by Coupon Class:**

Under 5.00%.....  
5.00 to 5.99%.....  
6.00 to 6.99%.....  
7.00 to 7.99%.....  
8.00 to 8.99%.....  
9.00 to 9.99%.....  
10.00 to 10.99%.....  
11.00% and Above .....

CMR675	\$	CMR676	\$	CMR677	\$
CMR679	\$	CMR680	\$	CMR681	\$
CMR683	\$	CMR684	\$	CMR685	\$
CMR687	\$	CMR688	\$	CMR689	\$
CMR691	\$	CMR692	\$	CMR693	\$
CMR695	\$	CMR696	\$	CMR697	\$
CMR699	\$	CMR700	\$	CMR701	\$
CMR703	\$	CMR704	\$	CMR705	\$

CMR678	•	%
CMR682	•	%
CMR686	•	%
CMR690	•	%
CMR694	•	%
CMR698	•	%
CMR702	•	%
CMR706	•	%

**WARM** .....

CMR711	months	CMR712	months	CMR713	months
--------	--------	--------	--------	--------	--------

**Total Fixed-Rate, Fixed-Maturity Borrowings** .....

CMR715	\$
--------	----

**VARIABLE-RATE, FIXED-MATURITY LIABILITIES**

	Liability Code	Rate Index Code	Balance	Margin	Rate Reset Frequency	Months to Next Reset	WARM
Position 1 .....	CMR721	CMR722	CMR723 \$	CMR724 bp	CMR725 mo	CMR726 mo	CMR727 mo
Position 2 .....	CMR728	CMR729	CMR730 \$	CMR731 bp	CMR732 mo	CMR733 mo	CMR734 mo
Position 3 .....	CMR735	CMR736	CMR737 \$	CMR738 bp	CMR739 mo	CMR740 mo	CMR741 mo
All Other Positions .....			CMR744 \$	CMR745 bp	CMR746 mo	CMR747 mo	CMR748 mo

**Memo: Book Value of Redeemable Preferred Stock** .....

CMR755	\$
--------	----

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**LIABILITIES (Con't.), MINORITY INTEREST, & CAPITAL**

**NON-MATURITY DEPOSITS**

Transaction Accounts .....  
Money Market Deposit Accounts (MMDAs).....  
Passbook Accounts.....  
Noninterest-Bearing Nonmaturity Deposits.....

Total Balances		WAC	
CMR762	\$	CMR763	• %
CMR765	\$	CMR766	• %
CMR768	\$	CMR769	• %
CMR771	\$		

**Balances in New  
Accounts  
(Optional)**

CMR764	\$
CMR767	\$
CMR770	\$
CMR773	\$

**ESCROW ACCOUNTS**

Escrows for Mortgages Held in Portfolio.....  
Escrows for Mortgages Serviced for Others.....  
Other Escrows .....

Total Balances		WAC	
CMR775	\$	CMR776	• %
CMR777	\$	CMR778	• %
CMR779	\$	CMR780	• %

**TOTAL NONMATURITY DEPOSITS & ESCROW ACCOUNTS .....**

CMR781	\$
--------	----

**UNAMORTIZED YIELD ADJUSTMENTS ON DEPOSITS .....**

CMR782	\$
--------	----

**UNAMORTIZED YIELD ADJUSTMENTS ON BORROWINGS .....**

CMR784	\$
--------	----

**OTHER LIABILITIES**

Collateralized Mortgage Securities Issued.....  
Miscellaneous I .....  
Miscellaneous II .....

CMR785	\$
CMR786	\$
CMR787	\$

**TOTAL LIABILITIES (Incl. Redeemable Preferred Stock).....**

CMR790	\$
--------	----

**MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES .....**

CMR793	\$
--------	----

**EQUITY CAPITAL .....**

CMR796	\$
--------	----

**TOTAL LIABILITIES, MINORITY INTEREST, AND CAPITAL.....**

CMR800	\$
--------	----

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**Off-Balance Sheet Positions**

**Off-Balance-Sheet Contract Positions**

[1]

[2]

[3]

[4]

[5]

Position 1.....  
Position 2.....  
Position 3.....  
Position 4.....

Contract Code		Notional Amount		Maturity or Fees		Price/Rate #1		Price/Rate #2	
CMR801		CMR802	\$	CMR803	\$	CMR804	•	CMR805	•
CMR806		CMR807	\$	CMR808	\$	CMR809	•	CMR810	•
CMR811		CMR812	\$	CMR813	\$	CMR814	•	CMR815	•
CMR816		CMR817	\$	CMR818	\$	CMR819	•	CMR820	•

Position 5.....  
Position 6.....  
Position 7.....  
Position 8.....

CMR821		CMR822	\$	CMR823	\$	CMR824	•	CMR825	•
CMR826		CMR827	\$	CMR828	\$	CMR829	•	CMR830	•
CMR831		CMR832	\$	CMR833	\$	CMR834	•	CMR835	•
CMR836		CMR837	\$	CMR838	\$	CMR839	•	CMR840	•

Position 9.....  
Position 10.....  
Position 11.....  
Position 12.....

CMR841		CMR842	\$	CMR843	\$	CMR844	•	CMR845	•
CMR846		CMR847	\$	CMR848	\$	CMR849	•	CMR850	•
CMR851		CMR852	\$	CMR853	\$	CMR854	•	CMR855	•
CMR856		CMR857	\$	CMR858	\$	CMR859	•	CMR860	•

Position 13.....  
Position 14.....  
Position 15.....  
Position 16.....

CMR861		CMR862	\$	CMR863	\$	CMR864	•	CMR865	•
CMR866		CMR867	\$	CMR868	\$	CMR869	•	CMR870	•
CMR871		CMR872	\$	CMR873	\$	CMR874	•	CMR875	•
CMR876		CMR877	\$	CMR878	\$	CMR879	•	CMR880	•

**NOTE:** Enter “price” or “rate” in columns 4 & 5 to two decimal places (e.g., “price” = 102.25 or “rate” = 6.12%)

**MEMO: Reconciliation of Off-Balance-Sheet Contract Positions Reported**

Reported Above at CMR801-CMR880 .....  
Reported Using Optional Supplemental Reporting .....  
Self-Valued & Reported as “Additional” Positions at CMR911-CMR919 .....

# of Positions	
CMR901	\$
CMR902	\$
CMR903	\$

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**REPORTING OF MARKET VALUE ESTIMATES**  
**Estimated Market Value After Specified Rate Shock**

Rate Shock in Basis Points	Required Reporting Items		Optional Reporting Items		Required Reporting Items	
	Off-Balance-Sheet Contracts Reported Under "Additional"	Mortgage- Derivative Securities	Options on Liabilities	Collateralized Mortgage Securities Issued	Structured Securities	
+400 .....	CMR911 \$	CMR921 \$	CMR941 \$	CMR951 \$	CMR961 \$	
+300 .....	CMR912 \$	CMR922 \$	CMR942 \$	CMR952 \$	CMR962 \$	
+200 .....	CMR913 \$	CMR923 \$	CMR943 \$	CMR953 \$	CMR963 \$	
+100 .....	CMR914 \$	CMR924 \$	CMR944 \$	CMR954 \$	CMR964 \$	
No Change.....	CMR915 \$	CMR925 \$	CMR945 \$	CMR955 \$	CMR965 \$	
-100 .....	CMR916 \$	CMR926 \$	CMR946 \$	CMR956 \$	CMR966 \$	
-200 .....	CMR917 \$	CMR927 \$	CMR947 \$	CMR957 \$	CMR967 \$	
-300 .....	CMR918 \$	CMR928 \$	CMR948 \$	CMR958 \$	CMR968 \$	
-400 .....	CMR919 \$	CMR929 \$	CMR949 \$	CMR959 \$	CMR969 \$	

Memo: Face Value of Liabilities with Options (reported CMR941 thru CMR 949) ..... CMR950 \$

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	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
Entry #	Asset/ Liability Code	Rate Index Code	Balance \$000	Margin/ WAC in bp	Rate Reset Frequency	Months to Full Amort/ Next Reset	Remaining Maturity	Distance to Lifetime Cap	Distance to Lifetime Floor
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
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			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp
			\$	bp	mo	mo	mo	bp	bp

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## INSTRUCTIONS

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2. Report Percentages to Two (2) Decimal Places (e.g., x.xx%)
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	[1]	[2]	[3]	[4]	[5]
Entry #	Contract Code	Notional Amount	Maturity or Fees	Price/Rate #1	Price/Rate #2

		₹			.	.
		₹			.	.
		₹			.	.
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